cascadia
international resources inc.

Annual Report
2005

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Corporate Profile

The Company is a reporting issuer in Alberta and British Columbia, and trades on the TSX Venture Exchange under the symbol "CJ". Cascadia is involved in the acquisition and exploration of mineral properties in Canada.

Cascadia International Resources Inc. was incorporated under the laws of British Columbia as Craven Resources Inc. on July 18, 1983 and changed its name to Cascadia International Resources Inc. on April 7, 1997. In May of 2003 new management was put in place to run the Corporation. On January 24, 2004, Cascadia moved it corporate office to Calgary, Alberta.

Notice of Annual Meeting of Shareholders

The Annual General Meeting of
shareholders of
Cascadia International Resources Inc.
will be held on
December 21, 2005
10:00AM at:

#1530, 715 – 5 Avenue S.W.
Calgary, Alberta

Drill Camp

President's Messages to the Shareholders:

Cascadia International Resources Inc. has continued to develop the Norton Lake Nickel, Copper, PGM, and Cobalt deposit during the 2004/2005 reporting year. The Norton Lake Project has become the primary exploration focus for the company. By the July 31, 2005 fiscal year end, Cascadia has expanded the size of the original 944,500 tonne deposit by approximately four (4) times, based on internal company estimates. The mineralized zone has been extended to the 400m elevation and a width of 250m has been delineated to date. The zone is open at depth and to the east. A second zone has been encountered above the original zone and further drilling will follow it up. The metal grades are improving with depth, including values as high as 2.32% Ni, 3.56% Cu, 10 grams/tonne PGMs and 4 lbs/tonne Co. The Gabbro host has been identified over 10 kilometers along strike and follow up exploration is planned for the next exploration program. A Resource Calculation has been commissioned for the fall of 2005 with results to be available by the end of the November 2005.

Access to the deposit is currently limited to float/ski plane or helicopter; however, logging is occurring close by which indicates land access is moving toward the project. Once the resource calculation is complete, management will be in a better position to determine follow up exploration plans and development of the project.

The Company is in the early stages of exploring our MIDWAY/HAVOC Uranium /VMS Project. Both properties have been flown with airborne surveys with some drilling on HAVOC to date. Geological mapping and prospecting will commence in the fall of 2005. The geological setting is 100-300 m of Sibley sediment overlaying the base rocks of the Sturgeon Lake Greenstone belt. The Sturgeon Lake Greenstone Belt is host to VMS style base metal deposits. The Sibley Sediment is of the same age as the prolific uranium hosting Athabasca Basin in Saskatchewan, with a geological setting consistent with uranium precipitation and accumulation. Prospecting and geological surveying will continue on the property this year with plans to conduct a drill program in 2006. Access to this property is good with a paved highway through the middle of the property.

No exploration was undertaken in the RAGLAN project during 2005 as Cascadia is currently involved in arbitration with our Raglan partner, Novawest Resources Inc. A dispute over cost overruns in the 2004 exploration program resulted in Novawest's initiation of arbitration proceedings. Cascadia's subsequent review of Novawest's management of the project persuaded Cascadia to counterclaim a significant portion of Cascadia's past contributions to the project.

A Partial Award was granted by the arbitrator in late September 2005, which was by consent of both parties, that determined that the Option Agreement, the Area of Mutual Interest, the right of first refusal, and the obligations to sign a joint venture agreement were cancelled as of February 16, 2005. The partial award also provided for the parties to arbitrate damages as claimed under the respective claim and counterclaim, with specific direction that Cascadia be free to claim damages for Novawest's failure to sign a joint venture agreement as related to pre and post February 16, 2005 events.

The final hearing of the arbitration is set for December 2005, but will more likely move to early 2006. Arbitration proceedings are typically much quicker than regular court proceedings; therefore, a resolu-

tion is expected fairly soon. Cascadia is of the view that financial downside for Cascadia in the arbitration process is limited, while upside may be substantial.

A 2006 exploration program has been prepared by GeoVector of Ottawa, Ontario and Cascadia is ready for a 2006 exploration project in Raglan, if arbitration is successful.

Cascadia remains confident that Raglan will ultimately be a viable project for our shareholders and could provide a significant return on our investment in the area. Canadian Royalties Inc., our neighbor to the south and east of our project in Raglan have discovered a series of deposits of more than 10 million tonnes and have shown that the trend is pervasive and that intelligent, careful management can take these projects to a point where commercial production is possible.

Norton Lake exploration results have exceeded management's expectations by a wide margin and this project has a genuine chance of developing into a mine. Cascadia will have the market advantage of actually having an ore resource once the report is complete by approximately November 30, 2005.

Cascadia's management and board of directors are of the view that the 2005/2006 year will be of progression and growth for our exploration projects, and would like to thank our shareholder's support over the past years.

On behalf of the Board of Directors,

James G. Evasekevich
President & CEO


Norton Camp

Norton Lake Project
Northern Ontario, Canada

The Norton Lake Project is an Archean aged Gabbro ultramafic intrusion located 130 miles north of Armstrong, Ontario, Canada (northeast of the CNR rail line and Hwy 527). The 316 claim unit project is staked for 20 miles (32 km) along strike. The Gabbro ultramafic intrusion characterized by a pyroxinite hosted sulphide lense containing Nickel, Copper, Platinum Group Metals and Cobalt. The lense was initially evaluated to the 100 metre (300 foot) level, where a total of 944,500 tonnes of 0.72% Ni and 0.56% Cu were calculated by Hill, Delaporte and Goettler Ltd. in 1981. The table containing these findings can be viewed in Cascadia's 2003 Annual Report.

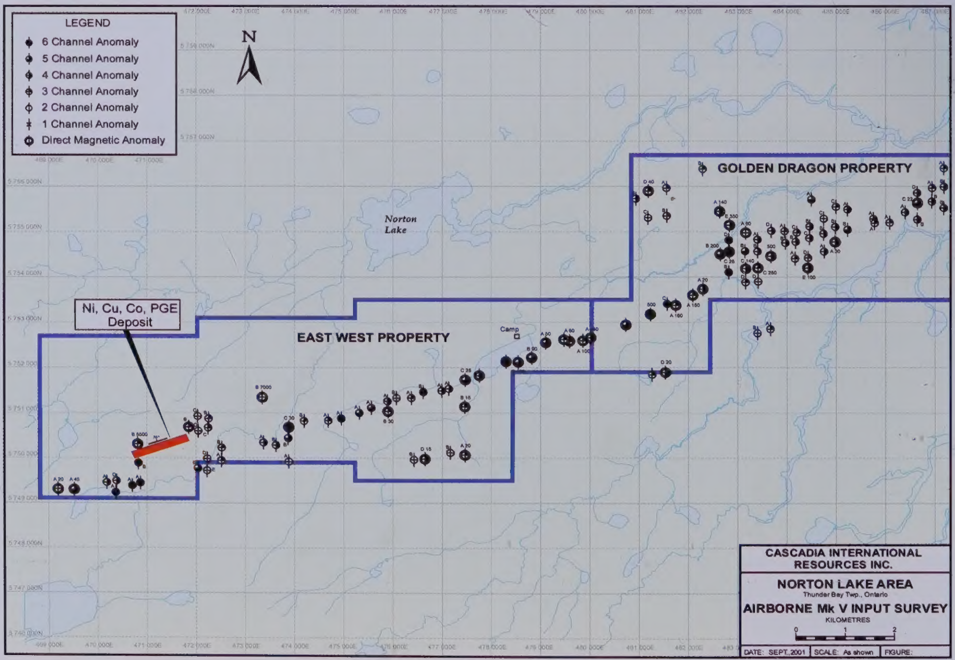
The property is owned 51% by Cascadia, as the earn-in commitment of $1.5 million dollars has been satisfied. There is a 2% NSR on the property which is due to the original vendors, and option payments totaling $150,000 over 7 years is payable to East West Resources Coroporation.

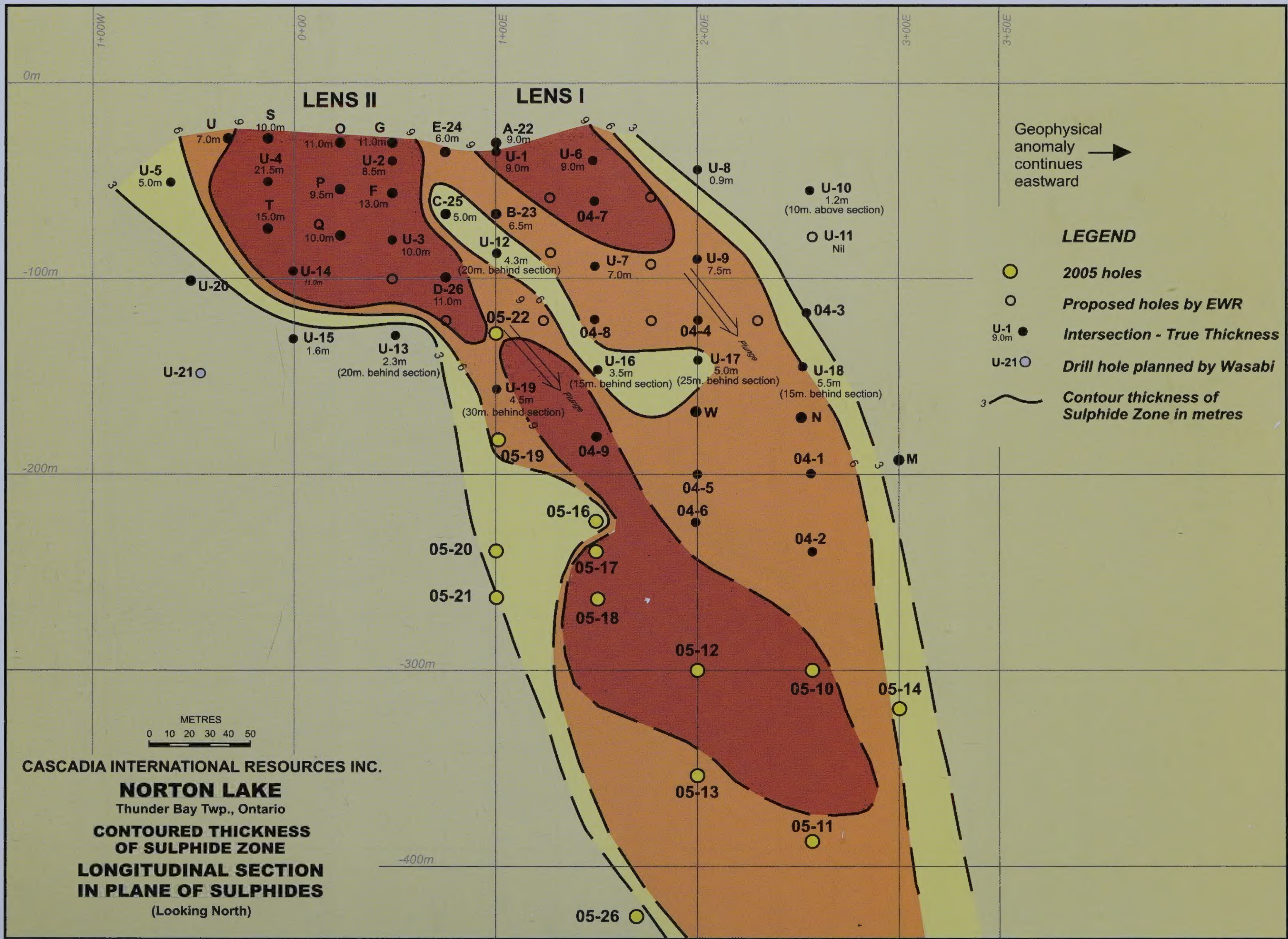
New roads are under construction following existing winter roads to link Fort Hope with Pickel Lake to the south west and Nakina to the south east. Another winter road extends northeast of Fort Hope and passes 12 km west of the property boundary. Logging is also occurring in close proximity to the deposit.

Subsequent exploration over the past two years has expanded the deposit by approximately four times according to internal estimates. The drill program in the spring of 2005 confirmed the zone continued to the 400m elevation. Hole NL05-12 intersected a layered phase of the sulphide zone with sample assaying over 2% nickel. One drill hole sample obtained unusually high palladium values of 10.4 g/tonne and Cobalt values of 1800 ppm (3.96 lbs/tonne).

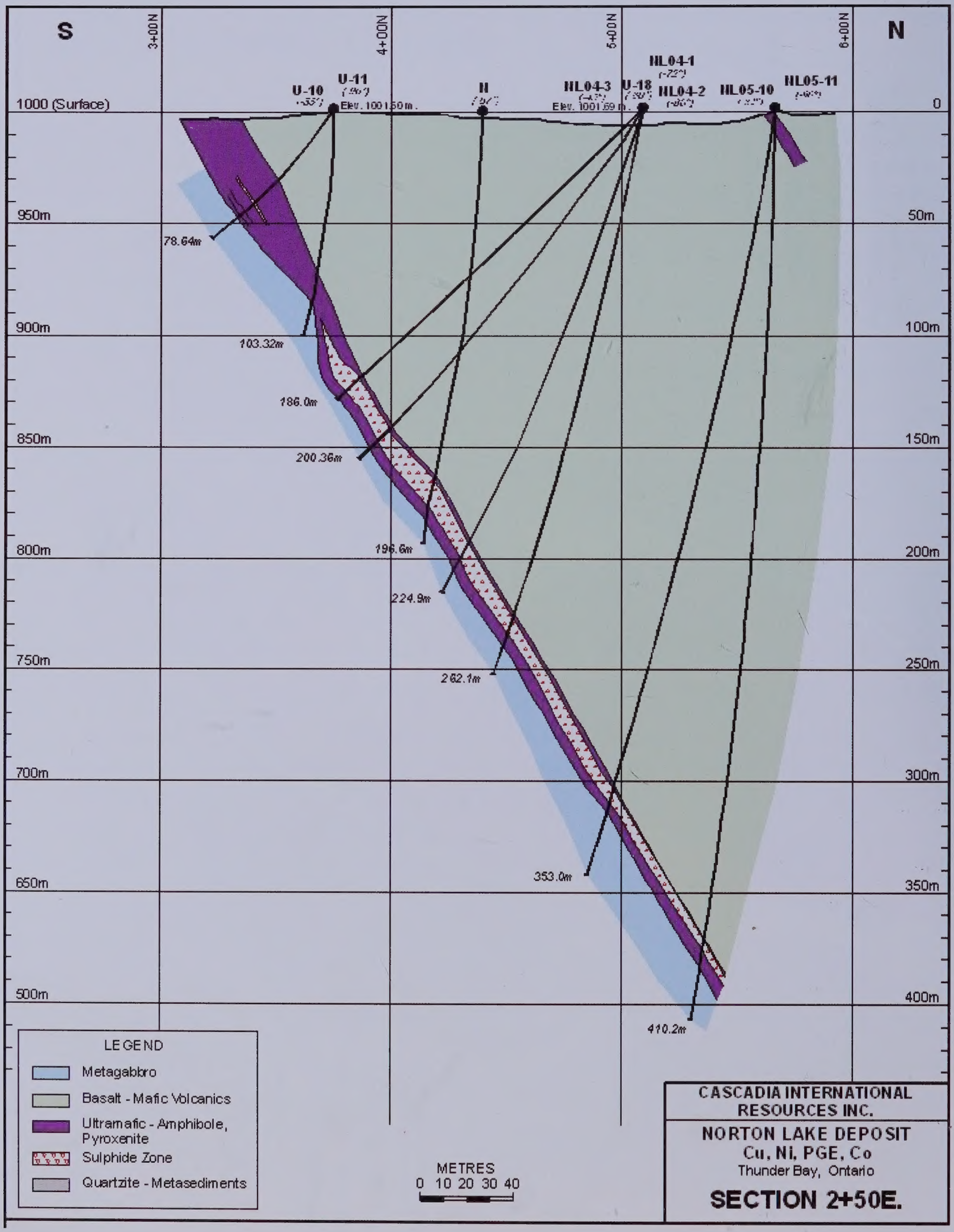
The Gabbro ultramafic has been identified for 11 km along strike and follow up drilling in the summer of 2005 discovered a new sulphide zone above the existing zone and found a new layered gabbro pyroxenite. Holes drilled in this program encountered assay samples of 2.32% nickel, and 3.52% copper. Assay reports are given below for the 2005 drilling results.

Claim Boundaries of the Norton Lake Project





CASCADIA INTERNATIONAL RESOURCES INC.
NORTON LAKE
Thunder Bay Twp., Ontario
CONTOURED THICKNESS OF SULPHIDE ZONE
LONGITUDINAL SECTION IN PLANE OF SULPHIDES
(Looking North)
METRES
0 10 20 30 40 50
LENS II
LENS I
LEGEND
2005 holes
Proposed holes by EWR
Intersection - True Thickness
Drill hole planned by Wasabi
Contour thickness of Sulphide Zone in metres
Geophysical anomaly continues eastward
1+00W
0+00
1+00E
2+00E
3+00E
3+50E
0m
-100m
-200m
-300m
-400m
U-5 5.0m
U 7.0m
S 10.0m
U-4 21.5m
T 15.0m
O 11.0m
G 11.0m
U-2 8.5m
P 9.5m
F 13.0m
Q 10.0m
U-3 10.0m
E-24 6.0m
D-26 11.0m
C-25 5.0m
A-22 9.0m
U-1 9.0m
U-6 9.0m
B-23 6.5m
U-12 4.3m (20m. behind section)
04-7
U-7 7.0m
U-8 0.9m
U-9 7.5m
U-10 1.2m (10m. above section)
U-11 Nil
U-14
U-20
U-21
U-15 1.6m
U-13 2.3m (20m. behind section)
05-22
04-8
04-4
04-3
U-16 3.5m (15m. behind section)
U-17 5.0m (25m. behind section)
U-18 5.5m (15m. behind section)
U-19 4.5m (30m. behind section)
W
N
04-9
05-19
04-1
M
04-5
04-6
05-16
04-2
05-20
05-17
05-21
05-18
05-12
05-10
05-14
05-13
05-11
05-26
Plunge


S
N
3+00N
4+00N
5+00N
6+00N
1000 (Surface)
950m
900m
850m
800m
750m
700m
650m
500m
0
50m
100m
150m
200m
250m
300m
350m
400m
U-10
U-11
Elev. 1001.50m.
H
NL04-3
U-18
NL04-1
(-72°)
NL04-2
NL05-10
NL05-11
Elev. 1001.59m.
78.64m
103.32m
186.0m
200.36m
196.6m
224.9m
262.1m
353.0m
410.2m
LEGEND
Metagabbro
Basalt - Mafic Volcanics
Ultramafic - Amphibole, Pyroxenite
Sulphide Zone
Quartzite - Metasediments
METRES
0 10 20 30 40
CASCADIA INTERNATIONAL RESOURCES INC.
NORTON LAKE DEPOSIT
Cu, Ni, PGE, Co
Thunder Bay, Ontario
SECTION 2+50E.

NL05-10 (Section 2+50E)

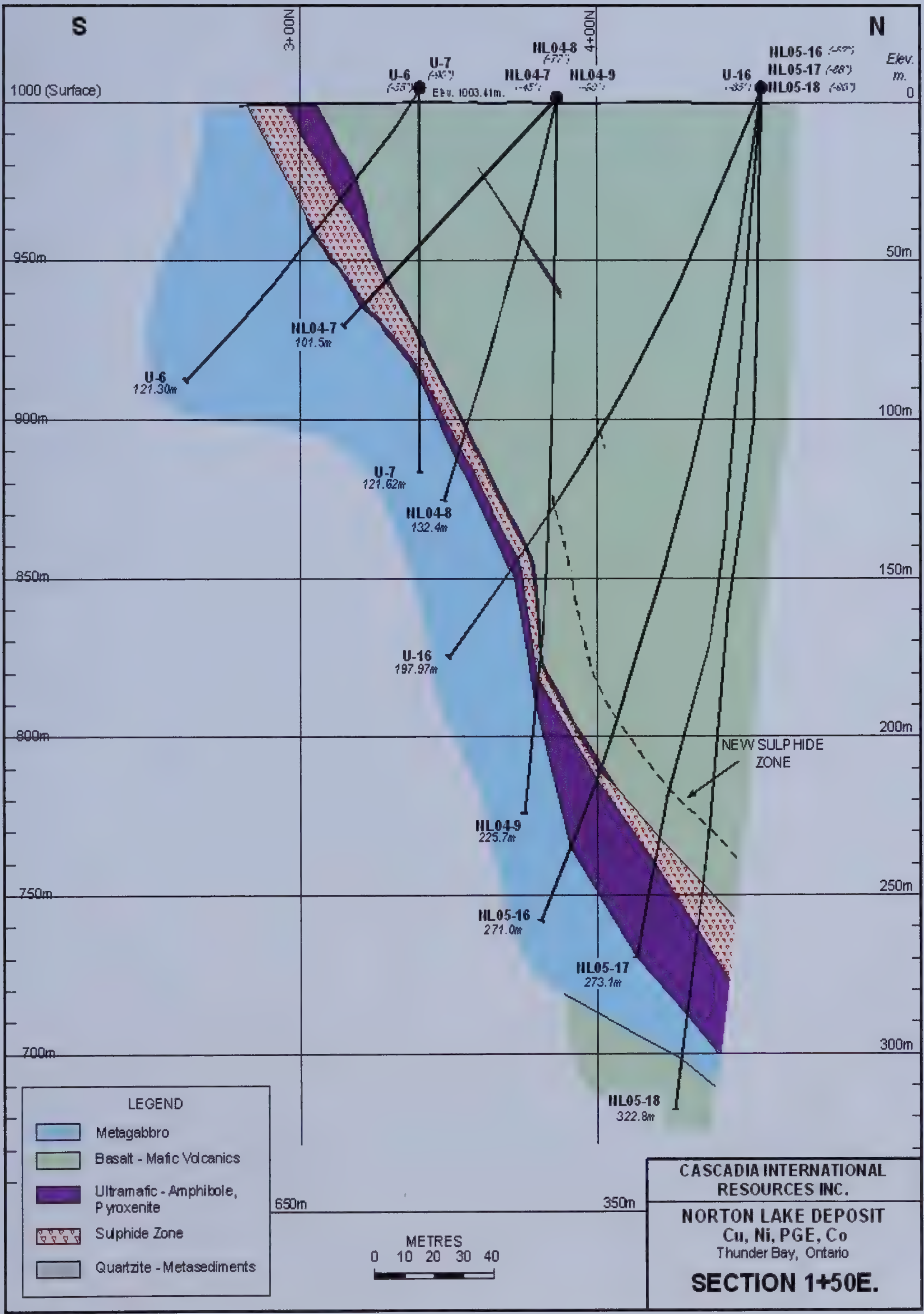
From (m)	To (m)	Interval (m)	Ni %	Cu %	Co ppm	Co lbs/t	Pt+Pd g/t
311.12	312.12	1.00	0.335	0.394	170	0.374	0.576
312.12	313.18	1.06	0.285	0.191	140	0.308	0.348
313.18	314.18	1.00	0.44	0.37	191	0.42	0.54
314.18	315.10	0.92	0.42	0.44	177	0.39	0.42
315.1	316.10	1.00	1.37	1.36	509	1.12	0.82
316.1	317.10	1.00	1.13	0.65	405	0.89	0.65
317.1	318.10	1.00	0.82	1.41	377	0.83	1.21
318.1	318.91	0.81	0.73	1.52	705	1.55	0.41
318.91	319.91	1.00	0.80	1.18	377	0.83	0.61
Average of Main Zone		8.79	0.82	0.98	331	0.85	0.68

NL05-11 (Section 2+50E)

From (m)	To (m)	Interval (m)	Ni %	Cu %	Co ppm	Co lbs/t	Pt+Pd g/t
172.48	173.48	1.00	0.35	0.06	177	0.39	1.13
173.48	174.39	0.91	0.25	0.25	100	0.22	0.25
174.39	175.39	1.00	1.90	0.28	577	1.27	0.64
175.39	176.39	1.00	2.02	0.20	609	1.34	0.94
176.39	177.29	0.90	1.84	0.25	591	1.30	0.79
177.29	178.29	1.00	1.17	1.07	395	0.87	0.51
Average of Main Zone		5.81	1.26	0.35	410	0.9	0.72

NL05-12 Main Zone

From (m)	To (m)	Interval	Ni %	Cu %	Co ppm	Co lbs/t	Pt+Pd g/t
Main Zone							
310.44	311.24	0.80	0.57	0.88	309	0.68	0.4
311.24	311.74	0.50	0.62	0.78	241	0.53	0.57
311.74	313.00	1.26	2.02	0.97	664	1.46	1.54
313.00	314.00	1.00	0.88	0.23	336	0.74	0.46
314.00	315.00	1.00	1.17	1.72	382	0.84	0.69
315.00	316.00	1.00	0.75	0.35	286	0.63	0.43
316.00	317.00	1.00	0.30	0.59	118	0.26	0.47
317.00	318.00	1.00	0.28	1.54	100	0.22	0.31
318.00	319.00	1.00	0.48	1.33	309	0.68	0.51
319.00	320.28	1.28	0.65	1.26	364	0.80	0.44
320.28	321.28	1.00	1.65	0.29	550	1.21	0.72
321.28	322.28	1.00	1.75	0.42	586	1.29	0.88
322.28	323.28	1.00	1.48	0.57	586	1.29	0.93
Foot Wall Zone							
323.28	324.76	1.48	0.21	0.18	100	0.22	0.18
324.76	325.59	0.83	0.11	0.13	41	0.09	0.12
325.59	326.39	0.80	0.12	0.11	45	0.10	0.12
326.39	327.39	1.00	0.13	0.17	50	0.11	0.17
327.39	328.39	1.00	0.07	0.11	32	0.07	0.10
328.39	329.39	1.00	0.20	0.17	73	0.16	0.33
329.39	330.39	1.00	0.20	0.26	82	0.18	0.37
330.39	331.39	1.00	0.17	0.10	73	0.16	0.20
Average of Main Zone		12.84	1.00	0.85	383	0.84	0.66
Average of Foot Wall Zone		8.11	0.16	0.16	65	0.14	0.20

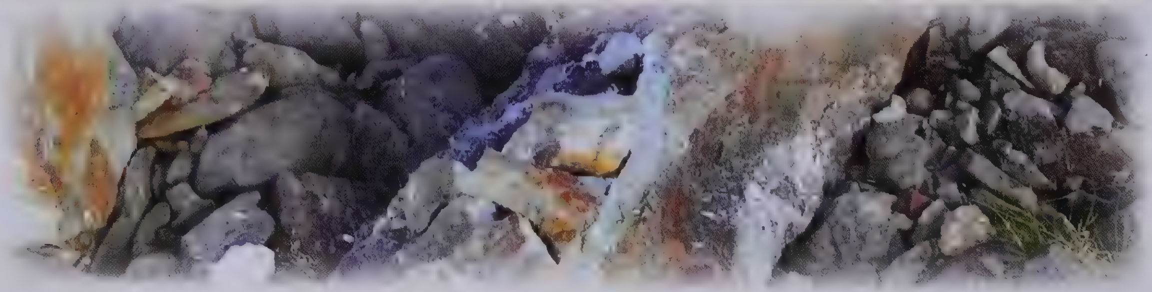

S
N
3+00N
4+00N
U-6
U-7
NL04-8
NL04-7
NL04-9
U-16
NL05-16
NL05-17
NL05-18
Elev. m.
1000 (Surface)
Elev. 1003.41m.
0
950m
50m
900m
100m
850m
150m
800m
200m
750m
250m
700m
300m
NL04-7
101.5m
U-6
121.30m
U-7
121.62m
NL04-8
132.4m
U-16
197.97m
NEW SULPHIDE ZONE
NL04-9
225.7m
NL05-16
271.0m
NL05-17
273.1m
NL05-18
322.8m
LEGEND
Metagabbro
Basalt - Mafic Volcanics
Ultramafic - Amphibole, Pyroxenite
Sulphide Zone
Quartzite - Metasediments
650m
350m
METRES
0 10 20 30 40
CASCADIA INTERNATIONAL RESOURCES INC.
NORTON LAKE DEPOSIT
Cu, Ni, PGE, Co
Thunder Bay, Ontario
SECTION 1+50E.

NL04-09 ext (Section 1+50E)

From (m)	To (m)	Interval (m)	Ni %	Cu %	Co ppm	Co lbs/t	Pt+Pd g/t
173.30	174.55	1.25	0.722	0.86	309	0.68	0.60
174.55	175.88	1.33	0.529	0.913	305	0.67	0.79
175.88	176.88	1.00	1.11	0.886	459	1.01	0.89
176.88	177.88	1.00	1.48	0.575	664	1.46	0.94
177.88	178.88	1.00	0.984	0.77	668	1.47	0.65
178.88	179.88	1.00	1.69	0.539	645	1.42	1.00
179.88	180.88	1.00	1.85	0.409	632	1.39	1.20
180.88	181.88	1.00	1.84	0.472	632	1.39	0.96
181.88	182.92	1.04	1.55	0.519	605	1.33	0.93
182.92	183.92	1.00	0.679	0.388	295	0.65	1.05
Average of Main Zone		10.62	1.21	0.65	510	1.12	0.89

NL05-16 (Section 1+50E)

From (m)	To (m)	Interval (m)	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
Hanging wall zone							
216.5	217.50	1.00	0.18	0.12	48	0.11	0.50
217.5	218.40	0.90	0.15	0.25	103	0.23	0.47
218.4	219.05	0.65	0.79	0.34	132	0.29	0.40
Main Zone							
219.05	219.81	0.76	0.46	0.80	283	0.62	0.56
219.81	220.81	1.00	1.40	1.31	670	1.47	0.93
220.81	221.81	1.00	1.04	1.40	688	1.51	3.72
221.81	222.81	1.00	0.59	1.19	536	1.18	0.79
222.81	223.70	0.89	1.09	0.81	352	0.77	4.32
Footwall Zone							
223.70	224.70	1.00	0.08	0.08	47	0.10	0.09
224.70	225.70	1.00	0.16	0.22	107	0.24	0.27
225.70	226.70	1.00	0.11	0.13	61	0.13	0.10
Average of Hangingwall zone		2.55	0.33	0.22	89	0.20	0.47
Average of Main Zone		4.65	0.94	1.13	521	1.15	2.09
Average of Footwall Zone		3.00	0.12	0.14	72	0.16	0.15



NL05-17 (Section 1+50E)

From (m)	To (m)	Interval	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
Main Zone							
235.64	236.64	1.00	0.56	0.92	345	0.76	0.93
236.64	237.70	1.06	0.80	0.97	405	0.89	0.63
237.70	238.80	1.10	1.05	1.49	617	1.36	1.66
238.80	239.80	1.00	3.52	0.84	482	1.06	0.46
239.80	240.80	1.00	2.96	0.49	363	0.8	0.44
240.80	241.80	1.00	1.61	1.04	404	0.89	0.74
241.80	242.80	1.00	0.51	2.32	821	1.81	1.08
242.80	243.80	1.00	1.54	1.37	498	1.10	1.04
243.80	244.25	0.45	1.76	1.10	434	0.95	0.67
244.25	245.25	1.00	0.33	0.53	186	0.41	0.38
Footwall Zone							
245.25	246.25	1.00	0.1	0.18	72	0.16	0.16
246.25	247.50	1.25	0.09	0.12	51	0.11	0.15
Average of Main Zone		9.61	1.44	1.11	458	1.01	0.82
Average of Footwall Zone		2.25	0.09	0.15	60	0.13	0.15

NL05-19

From (m)	To (m)	Interval	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
Hangingwall Zone							
206.63	207.28	0.65	0.21	0.19	62	0.14	0.13
207.28	208.28	1.00	0.16	0.16	65	0.14	0.21
208.28	209.28	1.00	0.31	0.19	54	0.12	0.69
Main Zone							
209.28	210.28	1.00	0.75	0.75	322	0.71	1.11
210.28	211.28	1.00	1.17	1.31	500	1.1	0.74
211.28	212.33	1.05	0.23	0.64	243	0.53	0.42
212.33	213.33	1.00	1.92	0.70	369	0.81	0.62
213.33	214.33	1.00	3.09	0.85	371	0.82	0.8
214.33	215.24	0.91	0.36	1.96	705	1.55	1.24
215.24	216.20	0.96	0.55	1.47	535	1.18	0.88
Footwall Zone							
216.20	217.20	1.00	0.19	0.13	60	0.13	0.13
217.20	218.20	1.00	0.12	0.11	59	0.13	0.16
218.20	219.30	1.10	0.13	0.24	99	0.22	0.18
Average of Hanging Wall Zone		2.65	0.23	0.18	60	0.13	0.37
Average of Main Zone		6.57	1.16	1.08	430	0.94	0.82
Average of Footwall Zone		3.10	0.14	0.16	74	0.16	0.16

NL05-20

From (m)	To (m)	Interval	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
Main Zone							
238.96	239.96	1.00	0.41	0.27	106	0.23	0.49
239.96	240.96	1.00	0.60	0.42	352	0.77	0.57
240.96	242.26	1.30	0.42	0.30	138	0.30	0.34
Footwall Zone							
242.26	243.26	1.00	0.03	0.08	56	0.12	0.11
249.13	250.13	1.00	0.92	0.30	323	0.71	0.29
Average of Main Zone		3.30	0.47	0.33	193	0.42	0.46

NL05-22

From (m)	To (m)	Interval	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
New Zone							
92.94	93.94	1.00	0.22	0.01	200	0.44	0
Hangingwall Zone							
173.56	174.56	1.00	0.16	0.04	29	0.06	0.38
Main Zone							
174.56	175.53	0.97	0.56	0.41	358	0.79	0.92
175.53	176.39	0.86	0.65	0.99	413	0.91	0.69
176.39	177.39	1.00	1.60	0.57	377	0.83	0.59
177.39	178.05	0.66	1.77	0.44	260	0.57	0.6
178.05	179.09	1.04	1.26	1.00	777	1.71	0.84
179.09	180.06	0.97	0.67	1.13	461	1.01	0.66
180.06	180.93	0.87	0.46	0.36	208	0.46	0.28
Average of Main Zone		6.37	0.98	0.72	422	0.93	0.66

NL05-14

From (m)	To (m)	Interval (m)	Ni %	Cu %	Co ppm	Co lbs /t	Pt+Pd g/t
333.09	334.39	1.3	0.5	0.36	218	0.48	0.39
334.39	335.4	1.01	0.36	0.97	132	0.29	0.25
335.4	336.6	1.2	1.16	0.43	1800	3.96	10.71
336.6	337.86	1.26	1.77	1.2	568	1.25	3.88
337.86	338.86	1	0.19	0.15	100	0.22	0.32
Main Zone		5.77	0.84	0.63	588	1.29	3.26

NL05-18

From (m)	To (m)	Interval	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
Main Zone							
248.40	249.45	1.05	0.58	0.64	258	0.57	0.61
249.45	250.45	1.00	0.67	1.03	388	0.85	1.14
250.45	251.45	1.00	0.34	1.58	638	1.4	1.59
251.45	252.45	1.00	1.45	1.05	576	1.27	0.9
252.45	253.45	1.00	1.08	0.93	416	0.92	0.49
253.45	254.45	1.00	1.99	0.58	210	0.46	0.42
254.45	255.45	1.00	1.17	0.14	82	0.18	0.14
255.45	256.45	1.00	1.86	0.49	405	0.89	0.54
256.45	257.37	0.92	0.58	0.49	204	0.45	0.43
257.37	258.4	1.03	0.77	1.73	807	1.78	1.43
258.40	259.4	1.00	1.04	1.19	623	1.37	0.64
259.40	260.54	1.14	0.89	0.27	216	0.48	0.18
260.54	261.54	1.00	0.71	0.97	365	0.8	0.63
261.54	262.54	1.00	0.38	0.61	253	0.56	0.48
262.54	263.54	1.00	0.31	1.23	437	0.96	0.75
Footwall Zone							
263.75	264.73	0.98	0.11	0.22	106	0.23	0.22
265.52	266.6	1.08	0.15	0.28	134	0.29	0.18
Average of Main Zone		15.14	0.92	0.86	392	0.86	0.69

NL05-13

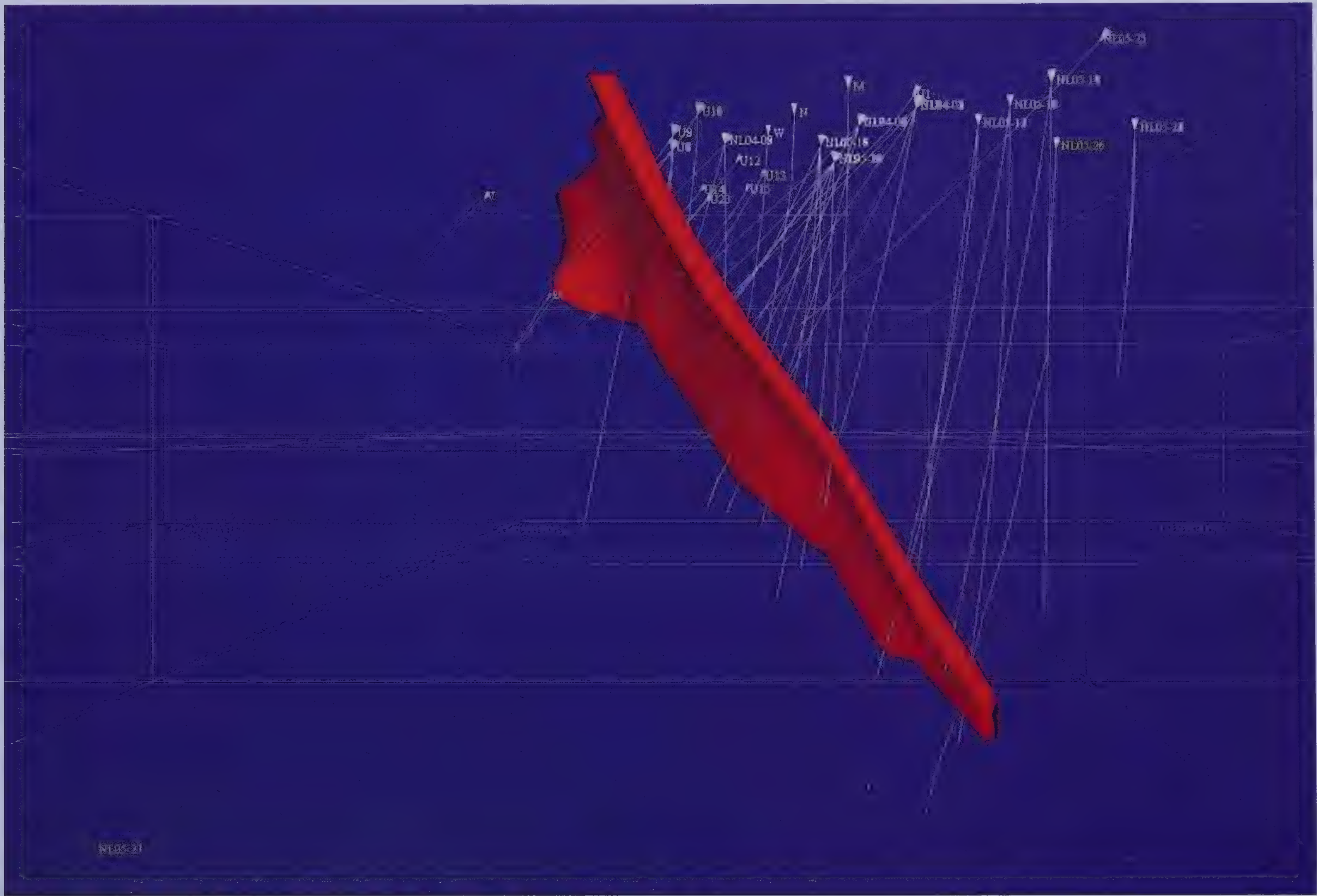
From (m)	To (m)	Interval	Cu %	Ni %	Co ppm	Co lbs/t	Pt+Pd g/t
Main Zone							
338.42	339.42	1.00	0.38	0.43	155	0.34	0.33
339.42	340.17	0.75	0.77	1.21	291	0.64	0.85
340.17	340.85	0.68	0.55	0.52	232	0.51	0.50
340.85	341.35	0.50	0.35	0.70	155	0.34	0.28
341.35	342.25	0.90	0.28	0.61	177	0.39	0.51
342.25	343.25	1.00	1.84	0.49	632	1.39	1.26
343.25	344.25	1.00	1.95	0.25	632	1.39	0.81
344.25	345.25	1.00	1.10	0.74	405	0.89	0.61
345.25	346.25	1.00	1.26	0.46	400	0.88	0.88
346.25	347.60	1.35	1.55	0.43	509	1.12	0.83
Footwall Zone							
347.60	348.60	1.00	0.21	0.16	86	0.19	0.22
348.60	349.60	1.00	0.25	0.13	100	0.22	0.22
349.60	350.60	1.00	0.14	0.17	55	0.12	0.16
350.60	351.64	1.04	0.06	0.06	27	0.06	0.06
351.64	352.64	1.00	0.09	0.10	41	0.09	0.13
352.64	353.64	1.00	0.24	0.29	95	0.21	0.26
Average of Main Zone		10.45	1.02	0.57	361	0.79	0.70
Average of Footwall Zone		6.04	0.16	0.15	67	0.15	0.17

Norton Highlights

- The deposit has been extended to the 400m elevation
- The deposit is still open at depth and to the east
- The geological setting is clearer with a gabbro host and pyroxinite hosted mineralization
- The gabrro / pyroximite host is over 11 km along strike
- The nickel and copper assay numbers improve as the deposit is followed deeper with the highest numbers being 2.32% nickel, 3.52% copper, 4 lbs/t cobalt, and 10 grams/t PGE

Norton 3D Image

3D Visualization of The Norton Lake Project Ore Body



Midway / Havoc Project
Northern Ontario, Canada

Midway

Cascadia staked the 532 claim unit (21,280 acres) property called Midway after conducting an airborne survey of the area. Midway/Havoc is located 30 miles south of Armstrong, Ontario. Access to the property is by a paved highway which travels through the centre of the property.

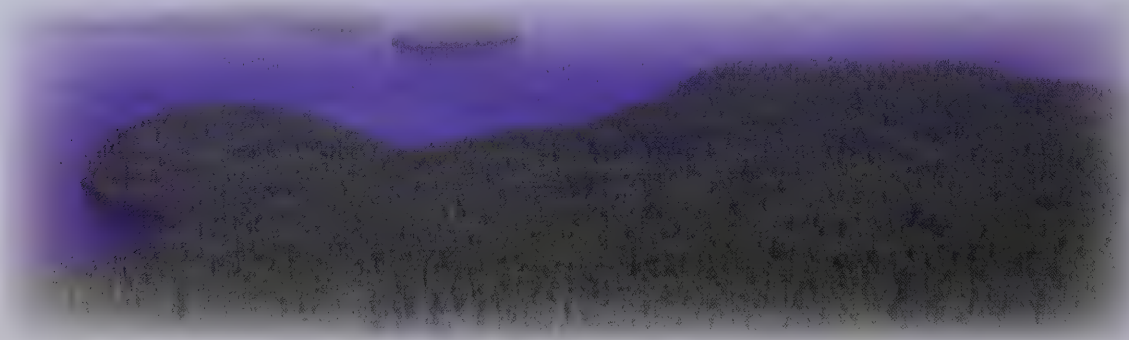
The geological setting is a specific basin of Sibley sandstone overlaying the Sturgeon Lake Greenstone Belt, which is now the focus of a uranium exploration program modeled after Athabasca style deposits. The Sibley Basin is a similar age to the Athabasca Basin in Saskatchewan with faults and graphitic conductors contained in the basement rocks that could control deposition of uranium. The Sturgeon Lake greenstone belt extends through the property beneath the Sibley sediments and is host to VMS style deposits.

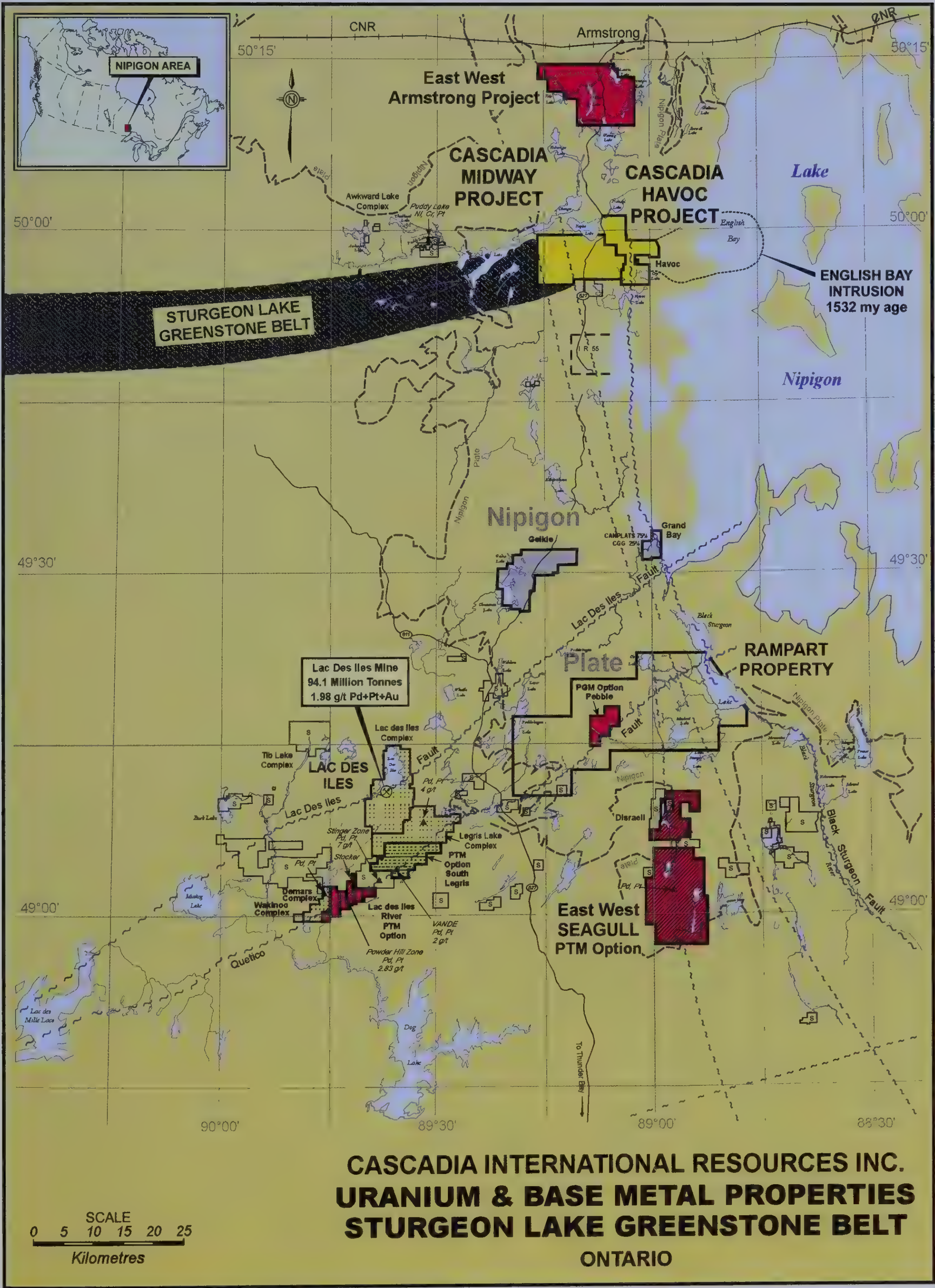
The project has been flown with an airborne EM survey, which traced a number of basement graphite conductors and the westward extent of conductors that occur on the adjoining Havoc claim group. These conductors form the primary uranium exploration targets.

Havoc

Havoc is a joint venture project immediately adjacent to and covering the eastward extension of Midway. Havoc consists of 274 claims (10,560 acres). The terms of the joint venture with EastWest Resource Corporation, to earn 51% by spending $750,000 (Cdn funds) over six (6) years commencing 2005, and pay $25,000 in two equal installments within 24 months. Cascadia may earn 60% ownership by completing a feasibility study to the standards of the TSX and 70% by financing the project to production.

Two holes have been drilled north of Vooges Lake, which intersected silicified shears, felsic and mafic volcanics as well as a zone of extensive hematization that was found to be associated with Rare Earth Elements, Uranium, and Thorium.



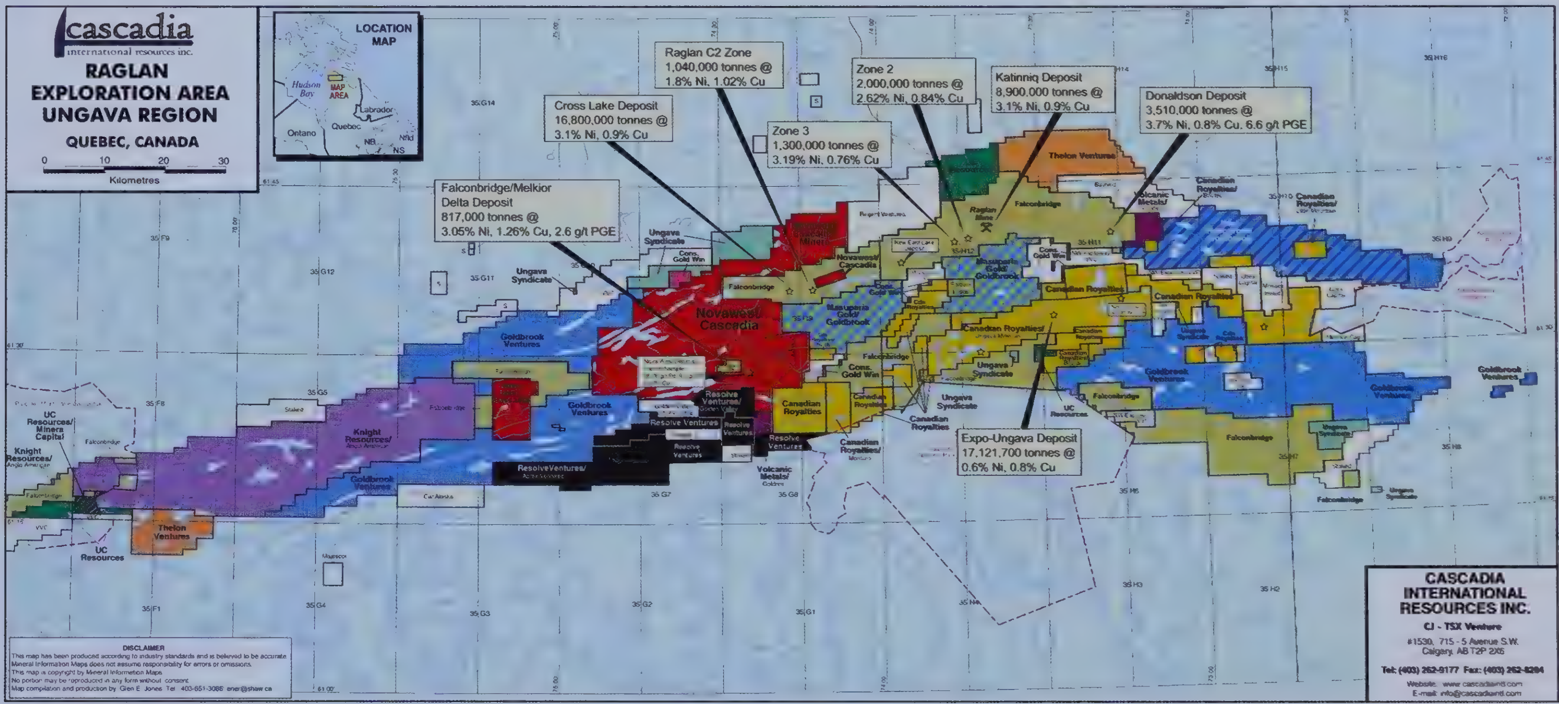

NIPIGON AREA
CNR
Armstrong
50°15'
East West
Armstrong Project
CASCADIA
MIDWAY
PROJECT
Awkward Lake
Complex
Puddy Lake
Ni, Cr, Pt
CASCADIA
HAVOC
PROJECT
English
Bay
Havoc
Lake
50°00'
ENGLISH BAY
INTRUSION
1532 my age
STURGEON LAKE
GREENSTONE BELT
Nipigon
Nipigon
Plate
Geikie
Grand
Bay
CAMPLATS 75%
CGG 25%
49°30'
Fault
Lac Des Iles
Black
Sturgeon
RAMPART
PROPERTY
Lac Des Iles Mine
94.1 Million Tonnes
1.98 g/t Pd+Pt+Au
PGM Option
Pebble
Fault
Nipigon Plate
Lac des Iles
Complex
Tib Lake
Complex
LAC DES
ILES
Fault
Pd, Pt
4 g/t
Lac Des Iles
Disraeli
Stinger Zone
Pd, Pt
7 g/t
Legris Lake
Complex
Stocker
PTM
Option
South
Legris
Demars
Complex
Wakinoo
Complex
Lac des Iles
River
PTM
Option
VANDE
Pd, Pt
2 g/t
Powder Hill Zone
Pd, Pt
2.83 g/t
Pd, Pt
East West
SEAGULL
PTM Option
Black
Sturgeon
Fault
49°00'
Quetico
Dog
Lake
To Thunder Bay
90°00'
89°30'
89°00'
88°30'
CASCADIA INTERNATIONAL RESOURCES INC.
URANIUM & BASE METAL PROPERTIES
STURGEON LAKE GREENSTONE BELT
ONTARIO
SCALE
0 5 10 15 20 25
Kilometres

Raglan Project
Northern Quebec, Canada

The Raglan project is located approximately 1,500 km north of Montreal, Quebec, Canada in the Proterozoic aged Cape Smith Belt. The belt is characterized by sulphide carried deposits of Nickel, Copper, Platinum Group Metals, Cobalt and Gold occurring in ultramafic horizons. The belt is 210 miles long by 55 miles wide in the widest section. The property owned by Cascadia is approximately 744 square kilometers and sits in the middle of the belt. A total of 18 deposits have been discovered on the belt with a total of 50-60 million tones of ore. One of those deposits is in the middle of Cascadia's property but is owned by another company. Cascadia has spent $9 million on the project to date and has identified several sills of mineralization.

Access is by helicopter from several native communities in the area which are serviced by regular scheduled air service. A camp is located on the property which can accommodate up to 40 crew members. Supplies are typically shipped by boat from Montreal to a seaport 60 miles from the project. A 3,000 tonne per day mill and mine is operated by Falconbridge Limited 20 miles from the property. The exploration season runs from mid June to late September.

Cascadia owns 25% working interest in the original Raglan claims consisting of approximately 40,000ha with a 3% NSR due to the original vendors. A 50% interest is owned by Cascadia on the Thunder property, containing 35 claims (781.88 ha), and 35% interest in an option that is the subject of the arbitration on the True North property, 304 claims (12,454.07 ha).


cascadia
international resources inc.
RAGLAN
EXPLORATION AREA
UNGAVA REGION
QUEBEC, CANADA
0 10 20 30
Kilometres
LOCATION MAP
Hudson Bay
MAP AREA
Labrador
Ontario
Quebec
Nfld
NB
NS
Raglan C2 Zone
1,040,000 tonnes @
1.8% Ni, 1.02% Cu
Cross Lake Deposit
16,800,000 tonnes @
3.1% Ni, 0.9% Cu
Zone 2
2,000,000 tonnes @
2.62% Ni, 0.84% Cu
Zone 3
1,300,000 tonnes @
3.19% Ni, 0.76% Cu
Katinniq Deposit
8,900,000 tonnes @
3.1% Ni, 0.9% Cu
Donaldson Deposit
3,510,000 tonnes @
3.7% Ni, 0.8% Cu, 6.6 g/t PGE
Falconbridge/Melkior
Delta Deposit
817,000 tonnes @
3.05% Ni, 1.26% Cu, 2.6 g/t PGE
Expo-Ungava Deposit
17,121,700 tonnes @
0.6% Ni, 0.8% Cu
Thelon Ventures
Falconbridge
Novawest/
Cascadia
Ungava Syndicate
Cons. Gold Win
Goldbrook Ventures
Knight Resources/
UC Resources/
Minera Capital
UC Resources
Resolve Ventures
Canadian Royalties
Volcanic Metals/
CASCADIA
INTERNATIONAL
RESOURCES INC.
CJ - TSX Venture
#1530, 715 - 5 Avenue S.W.
Calgary, AB T2P 2X6
Tel: (403) 262-9177 Fax: (403) 262-8204
Website: www.cascadiaintl.com
E-mail: info@cascadiaintl.com
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Map compilation and production by: Glen E. Jones Tel: 403-651-3086 ener@shaw.ca

Management's Responsibility

To the Shareholders of:
Cascadia International Resources Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors exercises its responsibilities for financial controls through an Audit Committee. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

Jim Evaskevich

Report of Independent Registered Public Accounting Firm

To the Shareholders of:
Cascadia International Resources Inc.

We have audited the balance sheets of Cascadia International Resources Inc. as at July 31, 2005 and 2004 and the statements of net loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the Company as at July 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta

Meyers Norris Penny LLP

October 14, 2005 Chartered Accountants

Comments for U.S. Readers

In the United States, reporting standards for auditors require the addition of an explanatory paragraph following the opinion paragraph when there are substantial uncertainties about the Company's ability to continue as a going-concern, as referred to in Note 1 to these financial statements. Our report to the directors dated October 14, 2005, is expressed in accordance with Canadian reporting standards, which do not permit a reference to such matters in the auditors' report when the facts are adequately disclosed in the financial statements.

Calgary, Alberta

Meyers Norris Penny LLP

October 14, 2005 Chartered Accountants

Cascadia International Resources Inc.

Balance Sheets

As at July 31

	2005	*2004*
Assets		
Current		
Cash	**292,835**	394,208
Accounts receivable	**67,648**	20,845
	360,483	415,053
Property and equipment *(Note 3)*	**45,189**	51,128
Mineral properties *(Note 4)*	**8,922,570**	7,237,198
	9,328,242	7,703,379
Liabilities		
Current		
Accounts payable and accruals	**590,641**	319,624
Future income tax liability *(Note 5)*	**2,167,489**	1,798,168
	2,758,130	2,117,792
Shareholders' Equity		
Share capital *(Note 6)*	**9,906,037**	8,277,645
Contributed surplus *(Note 8)*	**1,028,543**	957,588
Deficit	**(4,364,468)**	(3,649,646)
	6,570,112	5,585,587
	9,328,242	7,703,379

Approved on behalf of the Board:

"signed" Director
Jim Evaskevich

"signed" Director
Gordon Bowerman

Cascadia International Resources Inc.

Statements of Net Loss and Deficit

For the years ended July 31

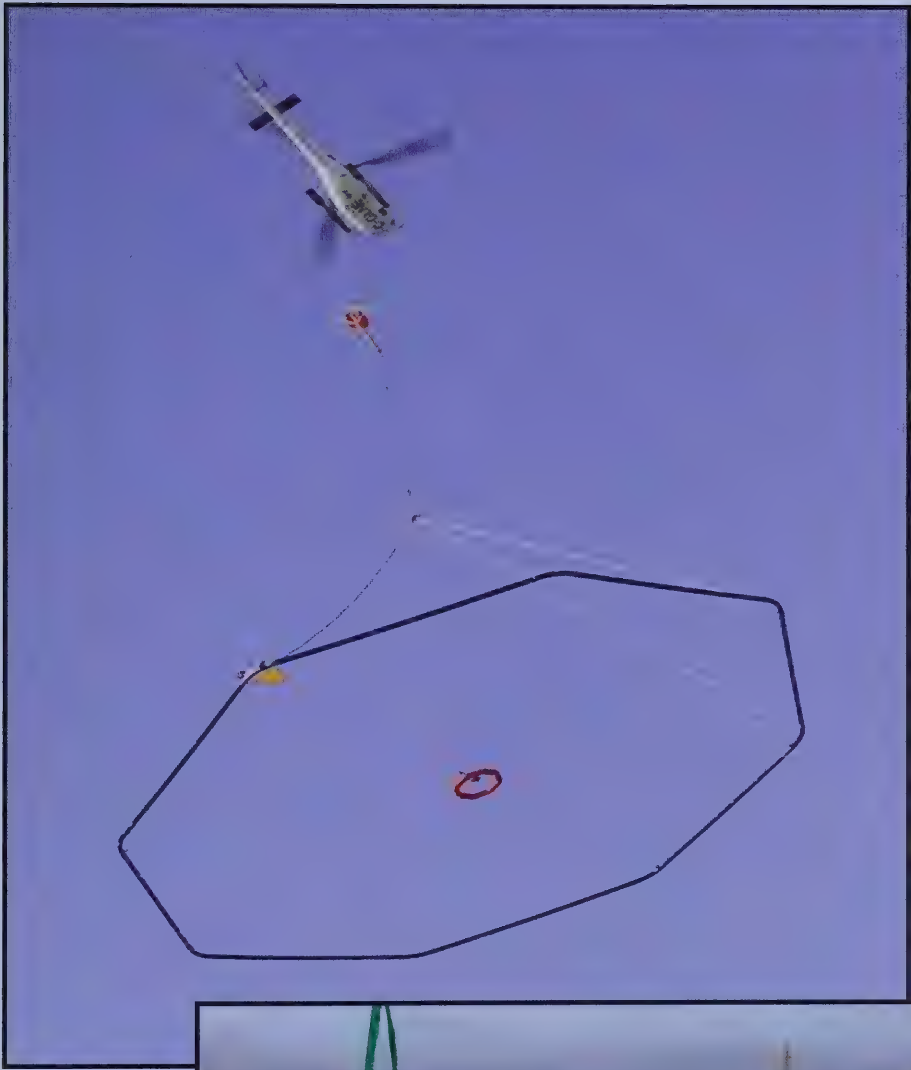
	Cumulative from inception (Note 13(e))	**2005**	*2004*	*2003*
Interest income	*27,095*	**4,647**	16,187	6,262
Expenses				
Bank charges	*6,120*	**4,848**	821	241
Depreciation	*25,031*	**16,190**	8,841	-
General corporate	*187,730*	**82,422**	86,288	6,303
Investors and shareholder relations	*374,775*	**142,577**	168,558	32,394
Professional fees	*841,776*	**378,681**	331,500	107,510
Transfer agent and regulatory fees	*87,547*	**13,837**	19,624	41,321
Travel and promotion	*49,157*	**4,446**	16,611	28,100
	1,572,136	**643,001**	632,243	215,869
Loss from operations	*(1,545,041)*	**(638,354)**	(616,056)	(209,607)
Write-down of mineral property	*(54,993)*	**(54,993)**	-	-
Stock-based compensation *(Note 7)*	*(716,967)*	**(70,955)**	(646,012)	-
Loss from operations before income taxes	*(2,317,001)*	**(764,302)**	(1,262,068)	(209,607)
Future income tax recovery *(Note 5)*	*114,974*	**49,480**	65,494	-
Net loss	*(2,202,027)*	**(714,822)**	(1,196,574)	(209,607)
Deficit, beginning	*(2,162,441)*	**(3,649,646)**	(2,453,072)	(2,243,465)
Deficit, end	*(4,364,468)*	**(4,364,468)**	(3,649,646)	(2,453,072)
Loss per share – basic and dilutive *(Note 9)*	-	**(0.02)**	(0.04)	(0.03)

Cascadia International Resources Inc.

Statements of Cash Flows

For the years ended July 31,

	Cumulative from inception (Note 13(e))	**2005**	*2004*	*2003*
Cash provided by (used for) the following activities				
Operating				
Net loss	*(2,202,027)*	**(714,822)**	(1,196,574)	(209,607)
Depreciation	*25,031*	**16,190**	8,841	-
Non-cash stock-based compensation	*716,967*	**70,954**	646,012	-
Future income tax recovery	*(114,974)*	**(49,480)**	(65,494)	-
Write-down of mining property	*54,993*	**54,993**	-	-
	(1,520,010)	**(622,165)**	(607,215)	(209,607)
Changes in non-cash working capital				
Accounts receivable	*(66,960)*	**(46,803)**	(9,768)	628
Marketable securities	-	**-**	300,000	(300,000)
Prepaid expenses	*625*	**-**	-	-
Accounts payable and accruals	*144,183*	**169,629**	8,465	31,529
	(1,442,162)	**(499,339)**	(308,518)	(477,450)
Financing				
Finder's fee	*(20,000)*	**-**	-	-
Repayment of short-term debt	*(5,812)*	**-**	-	-
Issue of shares, net of share issue costs	*9,893,513*	**2,047,194**	4,479,570	3,166,749
	9,867,701	**2,047,194**	4,479,570	3,166,749
Investing				
Purchase of property and equipment	*(70,220)*	**(10,252)**	(59,969)	-
Purchase of and expenditures on mineral properties	*(8,062,678)*	**(1,638,976)**	(4,113,566)	(2,310,136)
	(8,132,898)	**(1,649,228)**	(4,173,535)	(2,310,136)
Increase (decrease) in cash	*292,641*	**(101,373)**	(2,483)	379,163
Cash, beginning	*194*	**394,208**	396,691	17,528
Cash, end	*292,835*	**292,835**	394,208	396,691



Notes to the Financial Statements
For the years ended July 31, 2005 and 2004

1. Incorporation, nature and continuance of operations

Cascadia International Resources Inc. ("the Company") was incorporated under the laws of the Province of British Columbia as Craven Resources Inc. on July 18, 1983 and changed its name to Cascadia International Resources Inc. on April 7, 1997. The Company is in the process of acquiring, exploring and developing its mineral properties in Canada and is thus considered to be a development stage company.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company has a history of losses and has an accumulated deficit of $4,364,468 (2004 - $3,649,646). The ability of the Company to continue operating as a going concern is dependent upon, among other things, its ability to attain profitable operations and generate funds therefrom and to continue to obtain capital financing from investors sufficient to meet current and future obligations.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

Property and equipment
Property and equipment are initially recorded at cost. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

Method	Rate	
Computer equipment	Declining balance	30%
Leasehold improvements	Straight line	3 years
Office equipment	Declining balance	20%

In the year of acquisition, amortization is taken at one-half of the above rates.

Mineral properties
The cost of resource properties and their related exploration costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized on a unit-of-production basis following the commencement of production or written off if the properties are sold or

abandoned. If the properties are considered to be impaired in value, an appropriate charge will be made at that time.

Costs include the cash consideration and the fair market value of shares and options issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made.

The recorded cost of mineral claims and deferred exploration costs represents costs incurred and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic ore reserves or the sale of mineral rights.

Asset retirement obligations
The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

Long-lived assets
Long-lived assets consist of property and equipment and mineral properties. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use wherever events or changes in circumstances indicate that the carrying value of an asset, or group of assets may not be recoverable. Impairment losses are recognized where undiscounted future costs flows from its use and disposal are less than the assets carrying amount. Impairment loss is measured as the amount by which the asset carrying value exceeds fair value. Any impairment is included in loss for the year.

Joint venture activities
Substantially all of the Company's mineral exploration and development activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

Flow-through shares
Income tax legislation permits the flow through to shareholders of income tax deductions relating to certain qualified resource expenditures. The income tax benefits are reflected as a future income tax liability and deducted from share capital when the expenditures are renounced.

Per share amounts
Basic earnings per share are calculated using the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated based on the treasury stock method which

assumes that any proceeds obtained on the exercise of options and warrants would be used to repurchase common shares at the average price during the period.

Future income taxes

The Company follows the asset and liability method to account for income taxes. The asset and liability method requires that income taxes reflect the future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax basis. Future income tax assets and liabilities are determined for each temporary difference based on enacted rates that are expected to be in effect when the underlying items of income and expenses are expected to be realized.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the determination of impairment of mineral exploration costs, reclamation obligations and qualifying renouncements. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Stock-based compensation

The fair value for each stock option granted is estimated on the date of the grant using the Black Scholes option pricing model. These fair values are recognized in current earnings with a corresponding increase to contributed surplus over the vesting period of the grant. As the options are exercised, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

US GAAP

A summary of the differences between accounting principles generally accepted in Canada ("Canadian AAP") and those generally accepted in the United States ("US GAAP") which affect the Company is contained in Note 13.

3. Property and equipment

	Cost	Accumulated Depreciation	2005 Net Book Value	2004 Net Book Value
Computer equipment	**40,768**	**13,533**	**27,235**	25,940
Leasehold improvements	**19,771**	**8,787**	**10,984**	16,476
Office equipment	**9,680**	**2,710**	**6,970**	8,712
	70,219	**25,030**	**45,189**	51,128

4. Mineral properties

	Cost	Accumulated Depletion	2005 Net Book Value	2004 Net Book Value
Raglan – deferred exploration payments *(a)*	**6,884,950**	-	**6,884,950**	6,458,177
Raglan – Thundermin acquisition *(b)*	**88,651**	-	**88,651**	88,651
McGarry – deferred exploration payments *(c)*	-	-	-	54,993
Norton Lake – deferred exploration payments *(d)*	**1,502,170**	-	**1,502,170**	439,573
Attwood & Ficht Lake – deferred exploration payments *(e)*	**195,804**	-	**195,804**	195,804
Raglan – True North properties *(f)*	**76,396**	-	**76,396**	-
Midway - deferred exploration payments *(g)*	**74,704**	-	**74,704**	-
Havoc - deferred exploration payments *(h)*	**99,895**	-	**99,895**	-
	8,922,570	-	**8,922,570**	7,237,198

During the year, mineral property expenditures and acquisitions totaled $1,740,364 (2004 - $4,702,536) of which $101,388 (2004 - $175,317) were accrued in accounts payable and accruals, $nil (2004 - $413,652) were acquired through issue of common shares and $1,638,976 (2004 - $4,113,566) were acquired with cash.

a) Raglan, Ungava Bay Properties in Quebec, Canada

During 2003, the Company entered into an Option Agreement ("Agreement") with NovaWest Resources Inc. ("Novawest") of Vancouver, Canada, whereby the Company may earn a 50% interest in the NovaWest's 660 sq. km. (161,500 acre) Raglan Ni-Cu-PGM-Co Assemblage situated in northern Quebec (the "Raglan Claims").

Under the Agreement, the Company may earn its 50% interest in the Raglan Claims by

paying Novawest $300,000 in cash and 1,500,000 in common shares of the Company over a three-year term as follows:

Cash payment schedule:
i) $50,000 upon execution of the Agreement;
ii) $100,000 on or before February 15, 2004; and
iii) $150,000 on or before February 15, 2005.

Share payment schedule:
i) 250,000 shares upon execution of the Agreement;
ii) 500,000 shares on or before February 15, 2004; and
iii) 750,000 shares on or before February 15, 2005.

Associated with the completion of the share and cash payments and exploration expenditure advances under the Agreement, the Company will be required to pay a finder's fee, payable as common shares of the Company, in year two and three of the Agreement. This finder's fee is calculated as a percentage of the required exploration commitment and the market value of the common share payment based on the common share closing prices at April 30, 2004 and April 30, 2005. Essential provisos tied to the Finders Fee Agreement have not been fulfilled therefore the Company does not plan to pay year two or year three finder's fees.

The Company has committed to exploration expenditures of $3.2 million in year one, $4.3 million in year two, and $4.5 million in year three. The Company's interest will vest 25% after meeting the first and second year's combined commitments and a further 25% after meeting the third year's commitments. On February 7, 2005 the Company deferred its election to participate in the third year of the Raglan Option Agreement. The Company currently owns net 25% of the original Raglan assemblage, 35% of the True North block and 50% of the Thunder block.

As part of an agreement for the Company to arrange a private placement for Novawest, the Company's exploration commitment for year one was reduced by $1.0 million. The year two commitment of $4.3 million can be reduced by $1.5 million if warrants associated with the private placement are fully exercised.

Under the Agreement, Novawest will be the Operator. A Management Committee will be formed which is made up of five individuals, one independent party, two from Novawest and two from the Company.

Expenses, such as advance royalties, claim renewal fees, etc. incurred to maintain the Raglan Claims will be shared equally by both the companies. An agreed area of influence will cover the entire Cape Smith/Raglan Belt extending from Ungava Bay to the east and Hudson Bay to the west. The Company has been provided with the right to accelerate its earn-in, at its discretion, any time within the first two years, as well as an additional acceleration provision whereby the Company may accelerate its 50% earn-in immediately upon paying Novawest all unpaid cash, stock and exploration commitments. This second provision is intended to

cover the Company should a third party wish to simultaneously buy-out the interests of both parties.

During the year, Novawest commenced arbitration proceedings seeking declarations with respect to ownership of certain mineral claims and awards for amounts allegedly owed to them by the Company.

Subsequent to the year end, the Company and Novawest have consented to the issuance of a partial award by the arbitrator in the arbitration proceedings.

A summary of the partial award agreed upon by the Company and Novawest is as follows:

1) The Company is the owner of an undivided 25% interest in the remaining original Raglan Assemblage.
2) There are no continuing rights, obligations or duties whatsoever arising from any fiduciary relationship, any joint venture relationship, or any contract or any agreement between Novawest and the Company, including without limitation, any option rights, rights of first refusal, area of influence obligations, or joint venture obligations.
3) The Option Agreement dated April 10, 2003 is terminated as of February 16, 2005.

b) Thunder Project, Raglan, Ungava Bay Property in Quebec, Canada

During 2003, the Company and Novawest acquired a 100% interest in the 35-claim Thunder Project situated on the "Main" Raglan Trend just north-northeast of the present Raglan Claims.

The Company's consideration is comprised of $25,000 cash and 129,900 common shares at a price of $0.49 per share for a total of $63,652 (Note 6).

c) McGarry Township Property, Kirkland Lake, Ontario, Canada

The Company and Consolidated PPM Development Corp. ("CPM") have an option agreement pertaining to the 16 mining claims located in McGarry Township ("the Property") east of Kirkland Lake, Ontario. Under the terms of the option agreement, the Company has agreed to spend not less than $500,000 on the Property over a period of forty-eight months. CPM completed the Phase 1 drilling program in 2001 and the Company resumed the Phase 2 drilling program and spent $4,857 during the prior year. The minimum expenditure requirement for the Phase 2 drilling program is $50,000. During the year, the Company has decided to abandon this project and has expensed all associated expenditures.

d) Norton Lake Property, Thunder Bay, Ontario

In October 2003, the Company optioned a 164 and 152 claim unit group in the Norton Lake

area, Thunder Bay from East West Resource Corp. ("East West") and Canadian Golden Dragon Resources Ltd. Under the terms of the option agreement, the Company has agreed to spend a minimum of $150,000 on drilling within 12 months of the agreement. During the prior year, the Company spent $173,864 thereby exceeding this requirement. The Company may earn the following interests in both claims groups:

- 51% by spending $1.5 million by November 1, 2010;
- 60% by completing a feasibility study to the standards of the Toronto Stock Exchange ("TSX") by November 1, 2011;
- 70% by financing the property to production.

Option payments are to be made in stages, totaling $125,000 over 7 years commencing November 1, 2004. An option payment of $25,000 was paid upon the signing of the agreement.

e) Attwood & Ficht Lake Property, Armstrong, Ontario (Linsey Bay Project)

In October 2003, the Company optioned a 290 claim unit property located 60 miles north of Armstrong, Ontario that covers 10 miles (16 km) of a greenstone belt containing numerous copper nickel-cobalt showings. The property is presently held 100% by East West subject to a 3% Net Smelter Royalty to the original prospector vendors. Under the terms of the option agreement, the Company has agreed to spend a minimum of $100,000 drilling in the winter. During the prior year, the Company spent $461,513 thereby exceeding this requirement. The Company may earn the following interests in both groups:

- 51% by spending $1.0 million by November 1, 2010;
- 60% by completing a feasibility study to the standards of the TSX by November 1, 2011;
- 70% by financing the property to production.

Option payments to East West are to be made in stages, totaling $95,000 over 7 years. Payments to the underlying vendor, are to be made in stages, totaling $90,000 over 4 years. During the prior year, $30,000 was paid under these arrangements. Presently the Company has suspended exploration on this property.

f) True North Project, Ungava Bay Properties in Quebec, Canada

In April 2004, the Company acquired a 35% interest in the 30,774 acre True North Project on the north Raglan Trend in partnership with NovaWest Resources Inc. The acquisition of the True North property from Minera Capital is on condition of spending a minimum of $440,000 over 3 years split 50/50 between the Company and NovaWest.

g) Midway Project, Thunder Bay, Ontario, Canada

An airborne EM survey was flown over the entire property which traced a number of

basement conductors and the westward extent of conductors that occur on the adjoining Havoc claim group. These conductors form the primary uranium exploration targets that will determine future lease acquisitions. The Company intends to participate in this area with 100% ownership.

h) Havoc Project, English Bay, Ontario, Canada

During February 2005, the Company entered into an option agreement to earn an interest in this property by carrying out the following exploration work and option payments. It is understood that this agreement is only an option and the optionee may abandon all or part of the property subject to the terms and conditions set out in the agreement. The Company plans to perform a minimum work program of 1,100m of diamond drilling within 12 months of this agreement and spend a total of $0.75 million by February 22, 2011 to earn a 51% interest in all or part of the two claim groups within this area. The optionee may earn a 60% interest in the property by completing a feasibility study to the standards of the TSE (TSX) by February 22, 2012 and may earn a 70% interest by financing the property to production. The optionee will be the operator of the work program. The optionee will keep the claims in good standing and may return all or part of the property at any time with the claims in good standing for 90 days from the time of abandonment. The optionee will provide the optionor copies of all technical reports on work done on the property upon completion of each phase of work and will file all work for assessment credit on the claims with the Ontario Mining Recorder and Assessment office in Sudbury, Ontario. The optionee will comply with regulations of the governing securities authorities in releasing data and will provide the optionor a copy of any proposed news releases 24 hours prior to any release. Parties will enter into a Joint Operating Agreement ("JOA") for the property Option Payments are as follows:

$ 12,500	February 22, 2006
$ 12,500	November 1, 2010
$ 25,000	Total

5. Future income taxes

	2005	2004
Future income tax liabilities		
Mineral properties	**2,167,489**	1,798,168
Future income tax assets		
Property and equipment	**8,415**	3,059
Non-capital loss carry forwards	**682,736**	497,513
Share issuance costs	**88,791**	105,217
	779,942	605,789
Valuation allowance	**(779,942)**	(605,789)
	-	-
Future income tax liability	**2,167,489**	1,798,168

The income tax recovery differs from the amount that would be expected by applying the current tax rates for the following reasons:

	2005	2004	2003
Loss before taxes	**(764,302)**	(1,262,068)	(209,607)
Expected tax recovery at 38.00% (2004 – 34.60%; 2003 – 38%)	**290,435**	436,675	79,650
Tax effect of expenses not deductible for tax purposes:			
Stock-based compensation	**(26,963)**	(223,520)	-
Rate differential	**8,239**	26,163	-
Change in valuation allowance	**(174,154)**	(109,420)	-
Resource allowance	**(41,100)**	(43,825)	(14,041)
Tax effect of expired losses	**(6,132)**	-	-
Other	**(845)**	(20,579)	(65,609)
Future income tax recovery	**49,480**	65,494	-

At year end, the Company has the following estimated tax pools available for deduction against future taxable income:

	2005	2004	2003
Mining exploration depletion base	**17,653**	17,000	17,000
Canadian development expense	**86,500**	86,500	86,500
Canadian exploration expense	**2,237,507**	1,802,000	2,699,000
Foreign exploration and development expense	**133,887**	133,900	133,900
Undepreciated capital cost	**70,220**	60,000	-
Share issuance costs	**264,103**	304,000	12,000
Non-capital losses	**2,030,744**	1,419,000	890,000

The non-capital losses will expire as follows:

2006	122,514
2007	157,943
2008	133,065
2009	122,714
2010	123,483
2011	162,607
2015	597,335
2016	611,083

6. Share capital

Authorized

Unlimited number of common shares, without nominal or par value
Unlimited number of non-voting common shares, without nominal or par value
Unlimited number of preferred shares, without nominal or par value

Issued

Common shares	**Number**	**Value**
Balance ending, July 31, 2003	**21,045,387**	4,790,159
Flow through shares private placement (i)	**4,000,000**	2,000,000
Flow through shares private placement (ii)	**1,000,000**	500,000
Private placement (iii)	**833,334**	500,000
Warrants exercised	**7,555,000**	1,654,500
Options exercised	**180,000**	54,000
Thundermin payment	**129,900**	63,652
Raglan Claims option agreement – 2nd payment *(Note 4)*	**500,000**	270,000
Agent's commission shares (i)	**160,000**	80,000
Share issue costs	-	(228,930)
Share issue costs – agent's commission options	-	(311,575)
Effect of future income taxes on share issue costs	-	144,345
Effect of future income taxes on flow-through expenditures	-	(1,238,506)
Balance ending, July 31, 2004	**35,403,621**	8,277,645
Flow through shares private placement (iv)	**3,262,500**	1,305,000
Flow through shares private placement (v)	**3,166,000**	791,500
Warrants exercised	**100,000**	10,000
Share issue costs	-	(59,306)
Effect of future income taxes on share issue costs	-	19,939
Effect of future income taxes on flow-through expenditures	-	(438,741)
Balance ending, July 31, 2005	**41,932,121**	9,906,037

i) On September 19, 2003, the Company completed a private placement of 4,000,000 units at a price of $0.50 per unit for gross proceeds of $2,000,000 through its agent, First Associates, pursuant to a short-form offering document. Each unit consisted of one common share, issued on a "flow-through" basis under the Income Tax Act (Canada) and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at a price of $0.60 per share until September 2005. The Agent received 600,000 unit options at $0.50 per unit, and commissions of $80,000 cash and 160,000 common shares valued at $80,000. The proceeds will be used to incur eligible Canadian Exploration Expenses at Norton and Lindsay Bay in Northern Ontario.

ii) On December 23, 2003, the Company completed a private placement of 1,000,000 units at a price of $0.50 per unit for gross proceeds of $500,000. Each unit consisted of one common share to be issued on a "flow-through" basis under the Income Tax Act (Canada) and one common share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at a price of $0.60 per share until December 2005. The proceeds will be used to incur eligible Canadian Exploration Expenses at Norton and Lindsay Bay in Northern Ontario.

iii) On June 21, 2004, the Company completed a private placement with SIDEX of 833,334 shares at $0.60 per unit for gross proceeds of $500,000. Each unit will consist of one common share and one share purchase warrant. Each share purchase warrant entitles SIDEX to acquire one additional common share at a price of $0.75 per share until June 2006.

iv) On December 31, 2004, the Company completed a non-brokered private placement of 3,262,500 units at $0.40 per unit for gross proceeds of $1,305,000. Each unit consists of one common share issued on a "flow-through" basis under the Income Tax Act (Canada) and one-half of one common share purchase warrant, with each whole warrant exercisable for a period of 12 months at $0.60 per share. The flow through shares and warrants are subject to a four month hold period, expiring on May 1, 2005.

v) During the year, a private placement of 3,166,000 units occurred at $0.25 per unit for gross proceeds of $791,500. Each unit consisted of one common share of the Company issued on a "flow-through" basis under the Income Tax Act (Canada) and one non-transferable common share purchase warrant. Each warrant is exercisable into a flow through share on or before December 15, 2006 at $0.40 per flow through share. The flow-through shares are subject to a four month hold period from the respective closing dates. As a result of applying amendments to CICA EIC 146 Flow-through share during the year, future income tax relating to the issue of these flow-through shares will be recorded when the qualifying expenditures are renounced.

Stock options

The Company has a stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of the Company. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company.

	Number of Options	Price Range ($)	Weighted Average Price ($)	Expiry Date
Balance ending, July 31, 2003	2,069,538	0.30	0.30	2008
Issued	1,573,000	0.59	0.54	2008
Exercised	(180,000)	0.30	0.30	2008
Balance ending, July 31, 2004	3,462,538	0.30 – 0.59	0.41	2008
Issued	407,000	0.29 – 0.40	0.38	2010
Cancelled	(100,000)	0.59	0.59	-
Balance ending, July 31, 2005	3,769,538	0.30 - 0.59	0.40	2008 - 2010

Subsequent to the year end, the Company granted 400,000 stock options that are exercisable at $0.25 per share and expiring 2010.

Agent options

	Number of Options	Price Range ($)	Weighted Average Price ($)	Expiry Date
Balance ending, July 31, 2003	1,200,000	0.30	0.30	2008
Issued	600,000	0.50	0.50	2008
Balance ending, July 31, 2004	1,800,000	0.30 – 0.50	0.36	2008
Expired	(1,200,000)	0.30	0.30	
Balance ending, July 31, 2005	600,000	0.50	0.50	2008

The 1,800,000 agent options previously granted had an estimated fair value of $311,576 recognized as an increase to share issue costs. The fair value of these options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2004
Risk free interest rate (%)	4.73%
Expected volatility (%)	100.00%
Expected life (years)	1 to 2

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Warrants

In relation to private placements, the Company has the following warrants outstanding:

	Number of Warrants	*Price Range($)*	*Weighted Average Price ($)*	*Expiry Date*
Balance ending, July 31, 2003	13,750,000	0.10 – 0.40	0.26	2004 – 2005
Issued Issued	6,593,334	0.60 - 0.75	0.62	2005 – 2006
Exercised	(7,555,000)	0.10 – 0.40	0.22	
Balance ending, July 31, 2004	12,788,334	0.10 – 0.75	0.51	2004 – 2006
Issued	4,797,250	0.40 – 0.60	0.47	2006
Exercised	(100,000)	0.10	0.10	
Expired	(6,095,000)	0.40	0.40	
Balance ending, July 31, 2005	11,390,584	0.40 - 0.75	0.56	2005 – 2006

7. Stock-based compensation

The Company accounts for stock options granted to directors, officers, employees and consultants using the "fair value method", whereby compensation is recorded equal to the fair value of the option granted over the term of vesting. During 2005, 407,000 (2004 – 1,573,000) options with an estimated fair value of $70,955 (2004 - $646,012) were granted. The fair value of options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2005	2004
Risk free interest rate (%)	**4.50%**	4.73%
Expected volatility (%)	**100.00%**	100.00%
Expected life (years)	**2**	5

Had the fair value method been used since August 1, 2002, the Company's proforma net loss for 2003 would have been $729,607 or $0.12 per share - basic.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

8. Contributed surplus

The following provides a summary of the changes to the contributed surplus balances:

	2005	*2004*
Balance, beginning of year	**957,588**	-
Stock-based compensation *(Note 7)*	**70,955**	646,012
Fair value of agent options granted *(Note 6)*	**-**	311,576
Balance, end of year	**1,028,543**	957,588

9. Per share amounts

Basic loss per share is calculated using the weighted average number of shares outstanding for the period. For purposes of the calculation, the weighted average number of shares outstanding was 37,425,659 (2004 – 29,095,468; 2003 – 6,319,617).

Diluted per common share amounts have not been presented, as any effect is antidilutive.

10. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, credit or currency risks arising from these financial instruments.

Fair value of financial instruments

The fair value of cash, accounts receivable, accounts payable and accruals approximates their carrying value due to the short-term maturities of these financial instruments.

11. Credit facilities

The Company has access to a revolving term loan with a maximum available credit of $500,000, bearing interest at prime plus two percent per annum, requiring repayment of interest only and is secured by personal guarantees by two of the Company's Directors. As at July 31, 2005 no amount has been drawn on this credit facility.

12. Related party transactions

During 2005, the Company paid Yangarra Resources Inc. ("Yangarra") $117,725 (2004 - $144,628; 2003 - $6,000) for rent, office services and for its share of leasehold improvements and office equipment. At year-end, included in accounts payable and accruals are $19,964 (2004 - $75,273) relating to transactions with Yangarra. Yangarra is a public oil and gas company based in Calgary, Alberta. James G. Evaskevich, the President and a director of the Company is also the President, Chief Executive Officer and a director of Yangarra Resources Inc.

During 2005, the Company had transactions related to administration and consulting of $107,768 (2004 - $61,070; 2003 - $25,000) with companies controlled by certain of the Company's officers and directors. Of this amount, $29,141 (2004 - $4,135) is in accounts payable and accruals at year-end. An aggregate of $29,141 (2004 - $2,268) currently in accounts payable and accruals will be paid to

Burstall Winger LLP for legal fees and disbursements. A director of the Company is a partner of Burstall Winger LLP. Legal fees to Burstall Winger were $44,809 (2004 - $52,247; 2003 - $nil).

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. Differences between Canadian and U.S. generally accepted accounting principles

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Significant differences between GAAP in Canada and the United States that would have an effect on these financial statements are as follows:

a) Interest in Exploration Properties and Deferred Exploration Costs

In March 2002, the Emerging Issues Committee of the CICA issued EIC 126 - "Accounting by Mining Enterprises

for Exploration Costs" which affects mining companies with respect to the deferral of exploration costs. EIC 126 refers to CICA Handbook Section 3061 "Property, Plant and Equipment", paragraph .21 which states that for a mining property, the cost of the asset includes exploration costs if the enterprise considers that such costs have the characteristics of property, plant and equipment. EIC 126 then states that a mining enterprise that has not established mineral reserves objectively, and therefore does not have a basis for preparing a projection of the estimated cash flow from the property is not precluded from considering the exploration costs to have the characteristics of property, plant and equipment. EIC 126 also sets forth the Committee's consensus that a mining enterprise in the exploration stage is not required to consider the conditions regarding impairment in determining whether exploration costs may be initially capitalized. With respect to impairment of capitalized exploration costs, if an enterprise has not established mineral reserves objectively, and therefore does not have a basis for preparing a projection of the estimated cash flow from the property it is not obliged to conclude that capitalized costs have been impaired. However, such an enterprise should consider the conditions set forth in CICA Handbook Section 3061 in determining whether subsequent write-down of capitalized exploration costs related to mining properties is required. The Company considers that exploration costs have the characteristics of property, plant and equipment and, accordingly, defers such costs. Furthermore, pursuant to EIC 126, deferred exploration costs would not automatically be subject to regular assessment of recoverability, unless certain conditions exist.

Under U.S. GAAP, exploration costs are not considered to have the characteristics of property, plant and equipment and accordingly are expensed prior to the Company determining that proven or provable mineral reserves exist, after which time all such costs are capitalized.

b) Stock-based Compensation

For the years ending July 2004 and 2005, the Company adopted the fair value method of accounting

for stock options for both Canadian and US GAAP purposes. The effect of this change was that stock-based compensation is recorded as an expense instead of disclosing the effect of granting options as proforma information in the notes to the financial statements.

For the year-end July 2003, the Company accounted for its stock based compensation under US GAAP in accordance with APB 25 (intrinsic value method) for employees and FAS No. 123 (fair value method) for non-employees. Under Canadian GAAP, stock options granted to employees continue to be accounted for as capital transactions and stock options granted to non-employees are accounted for using the fair value method. If the Company had accounted for its stock-based compensation plan for employees under FAS No. 123, the pro forma impact on the July 2003 financial statements would have been to increase the net loss by $520,000 ($0.08 per share).

The Company estimates the fair value of options granted using the Black-Scholes option price model using the following weighted average assumptions:

	2005	2004	2003
Risk-free interest rate	4,50	4,73	4.73
Expected life of options	2 years	5 years	5 years
Expected volatility of the Company's share price	100%	100%	100%
Expected dividend yield	Nil	Nil	Nil
Weighted average fair value of options granted	$70,954	$646,012	$520,000

c) Asset Retirement Obligation

Under US GAAP, Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") requires companies to record the fair value of the liability for closure and removal costs associated with the legal obligations upon the retirement or removal of any tangible long-lived assets effective August 1, 2003. Under this standard, the initial recognition of the liability is capitalized as part of the asset cost and amortized over its estimated useful life.

For Canadian GAAP purposes, effective August 1, 2004, the Company adopted the provisions of CICA HB 3110 which are substantially similar to those of SFAS 143.

The Company has determined that there were no material differences in the measurement and presentation of asset retirement obligations between Canadian GAAP and US GAAP as at July 31, 2005 and 2004.

d) Flow-through Shares

Under Canadian income tax legislation, the Company is permitted to issue shares whereby the Company agrees to incur Canadian Exploration Expenditures (as defined in the Canadian Income Tax Act) and renounce the related income tax deductions to the investors. Under Canadian GAAP, the full amount of funds received from flow-through share issuances are recorded as share capital. Under

U.S. GAAP, the premium paid for the flow-through shares in excess of market value is credited to liabilities and included in income when the related tax benefits are renounced by the Company.

Furthermore, under U.S. GAAP, and notwithstanding that there is not a specific requirement to segregate the funds pursuant to the flow-through share agreements, the flow-through funds which are unexpended at the balance sheet date are separately classified as restricted cash. As at July 31, 2005, unexpended flow-through funds totaled $100,670 (July 31, 2004 - $ 394,208).

e) Under US GAAP, development stage enterprises are required to provide cumulative-from-inception information relating to income statements, statements of cash flows, and statements of changes in shareholders' equity. Inception has been deemed to be August 1, 2001. This date represents the beginning of the fiscal year in which the Company refocused its efforts and commenced to acquire properties that are currently being developed. For the two years prior to the 2002 fiscal year, the Company was not actively developing mineral properties and did not have ownership of any mineral properties.

If these financial statements were prepared in accordance with US GAAP, the impact on the statement of loss would be as follows:

Statement of (loss) income:	*Cumulative from inception (Note 13(e))*	*2005*	*2004*	*2003*
Net loss for the year based on Canadian GAAP	(2,121,003)	(714,822)	(1,196,574)	(209,607)
Deferred exploration costs prior to the establishment of proven and probable mineral reserves *(a)*	(8,922,570)	(1,685,372)	(4,702,536)	(209,607)
Flow-through share premium paid in excess of market value *(d)*	651,000	261,000	390,000	-
Net loss for the year based on U.S. GAAP	(10,392,573)	(2,139,194)	(5,509,110)	(2,744,269)
Loss per share, basic	-	(0.06)	(0.19)	(0.43)

In addition, the impact on the balace sheet would be as follows:

Interest in exploration properties and deferred exploration expenditures

	2005	*2004*
Canadian GAAP	**8,922,570**	7,237,198
Deferred exploration costs prior to the establishment of proven and probable mineral reserves *(a)*	**(8,922,570)**	(7,237,198)
U.S. GAAP	-	-

Capital stock

	2005	*2004*
Canadian GAAP	**9,639,935**	8,277,645
Flow-through common shares *(d)*	**(261,000)**	(390,000)
U.S. GAAP	**9,378,935**	7,887,645

Shareholders' equity:	*2005*	*2004*
Shareholders' equity based on Canadian GAAP	**6,304,009**	5,585,587
Deferred exploration costs prior to the establishment of proven and probable mineral reserves *(a)*	**(8,922,570)**	(7,237,198)
Shareholders' deficit based on U.S. GAAP	**(2,618,561)**	(1,651,611)

Common shares		
Balance ending, July 31, 2001	**9,116,374**	2,077,035
Consolidation 4:1	**(6,837,280)**	-
Private placement	**2,000,000**	100,000
Private placement	**1,000,000**	100,000
Finder's fee	-	(20,000)
Balance ending, July 31, 2002	**5,279,094**	2,257,035
Consolidation 2:1	**(2,639,547)**	-
Private placement	**2,000,000**	200,000
Private placement	**7,500,000**	1,125,000
Private placement	**6,000,000**	1,800,000
Warrants exercised	**1,850,007**	185,000
Agent's commission shares	**150,000**	45,000
Raglan Claims option agreement - 1st payment	**250,000**	37,500
Raglan Claims finders fee agreement - 1st payment	**655,833**	98,375
Share issue costs	-	(188,251)
Effect of future income taxes on flow-through expenditures	-	(769,500)
Balance ending, July 31, 2003	**21,045,387**	4,790,159
Flow through shares private placement	**4,000,000**	2,000,000
Flow through shares private placement	**1,000,000**	500,000
Private placement	**833,334**	500,000
Warrants exercised	**7,555,000**	1,654,500
Options exercised	**180,000**	54,000
Thundermin payment	**129,900**	63,652
Raglan Claims option agreement – 2nd payment	**500,000**	270,000
Agent's commission shares	**160,000**	80,000
Share issue costs	-	(228,930)
Share issue costs – agent's commission options	-	(311,575)
Effect of future income taxes on share issue costs	-	144,345
Effect of future income taxes on flow-through expenditures	-	(1,238,506)
Balance ending, July 31, 2004	**35,403,621**	8,277,645
Flow through shares private placement	**3,262,500**	1,305,000
Flow through shares private placement	**3,166,000**	791,500
Warrants exercised	**100,000**	10,000
Share issue costs	-	(59,306)
Effect of future income taxes on share issue costs	-	19,939
Effect of future income taxes on flow-through expenditures	-	(438,741)
Balance ending, July 31, 2005	**41,932,121**	9,906,037

Also, the impact on the statement of cash flows would be as follows:

As a result of the treatment of mining interests under item (a) above, cash expended for the exploration costs would have been classified under US GAAP as an operating activity rather than an investing activity.

Impact of recent United States accounting pronouncements:

Stock-based compensation
During 2004, FASB issued revised Statement of Financial Accounting Standards No. 123R, *"Share-Based Payment"* ("SFAS123R"). This amended statement eliminates the alternative to use the intrinsic value method of accounting pursuant to APB 25 as was provided in the original issue of SFAS 123. Accordingly, public entities are required to use the fair value method of accounting for stock-based compensation and other share-based payments. As disclosed in note 7, the Company currently applies a fair value based methodology to stock-based compensation. Adoption of this amended US standard is not expected to result in a material difference Canadian GAAP and US GAAP.

Non-monetary exchanges
During 2004, FASB issued SFAS 153 "Exchanges of Non-monetary Assets", which amends APB 29, "Accounting for Non-monetary Transactions", to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges on non-monetary assets that do not have commercial substance. Adoption of this standard is not expected to have a material effect on the Company's financial statements.

Variable interest entities
During the year, FASB issued FIN 46R, "Consolidation of Variable Interest Entities". Pursuant to FIN 46R, under US GAAP the Company is required to consolidate variable interest entities ("VIEs") where the Company is the entity's Primary Beneficiary. A VIE is an entity in which equity investors do not have the characteristics of a controlling financial interest nor have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Primary Beneficiary is the party that has exposure to a majority of the expected losses and/or expected residual returns of the VIE. Adoption of this standard is not expected to have a material effect on the Company's financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended July 31, 2005

The following discussion and analysis has been prepared on October 14, 2005 by management and should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2005 and the related notes thereto.

This MD&A contains statements and other forward-looking information about potential future circumstances, results and developments. Such statements and information are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally and may differ materially from the Company's actual future results or events. See "Forward-Looking Statements".
The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Throughout this discussion, percentage changes are calculated using numbers rounded to the decimal to which they appear. All dollar amounts are in Canadian dollars.

Overall Performance

The geographic locations of the Raglan (northern Quebec) and Norton (northern Ontario) projects are ideal to focus the efforts of our exploration staff, as the weather permits only mid-summer exploration in the Raglan while the Ontario projects allow for year round exploration. The Company has a fiscal year-end of July 31st; therefore, the 1st quarter exploration concentrated primarily on the Raglan while the remaining quarters targeted the exploration in Ontario.

Northern Quebec Properties - The Raglan Assemblage

During the past two years, the 3rd quarter activities also include the planning of logistical requirements and financial disbursements that were crucial to the success of the summer Raglan exploration. Due to default conditions on the part of Novawest on a number of requirements of the Option Agreement, Cascadia elected to defer its participation in the third year of the Raglan project and $4.3 million option payment that was due in its entirety by April 15, 2005. Pursuant to a press release dated February 24, 2005 Novawest Resources Inc. announced that it had commenced Arbitration proceedings with regard to these disputes with Cascadia as provided for in the Option Agreement. As at October 6, 2005 the arbitrator has issued a partial award, whereby Cascadia and Novawest have mutually agreed upon the following:

1) The Option Agreement dated April 10/2003 is terminated as of February 16/2005.
2) Cascadia is the owner of an undivided 25% interest in the remaining original Raglan Assemblage.
3) Cascadia is the owner of an undivided 50% interest in the Thunder Claim.
4) Novawest shall promptly execute and deliver to Cascadia documents transferring the above interests

to Cascadia, at Cascadia's cost, except for the sum of $600 payable by Novawest to the province of Quebec.

5) Cascadia's application for a declaration that a joint venture exists between Cascadia and Novawest is dismissed.
6) There are no continuing rights, obligations or duties whatsoever arising from any fiduciary relationship, any joint venture relationship, or any contract or any agreement between Novawest and Cascadia, including without limitation, any option rights, rights of first refusal, area of influence obligations, or joint venture obligations.
7) Nothing in the Partial Award shall be construed to prejudice the rights or position of either Cascadia or Novawest with respect to the True North property and the Option Agreement between Novawest and Minera Capital Corporation dated for reference March 26, 2004.
8) Nothing in the Partial Award shall be construed to prejudice any claim or alleged claim of either Cascadia or Novawest arising prior to the termination of the Option Agreement as of February 16, 2005 for a monetary award, or with respect to the Government of Quebec Incentive programs or for any claim for damages or debt for any breach or alleged breach of the Cascadia Option Agreement committed prior to February 16, 2005.
9) Cascadia has irrevocably elected not to seek specific performance of the Cascadia Option Agreement, including without limitation section 10.1 of the Cascadia Option Agreement. Nothing in the Partial Award shall prejudice in any manner whatsoever Cascadia's ability to claim damages for any alleged breach by Novawest of the Cascadia Option Agreement prior to February 16, 2005, including a breach of the alleged obligation to enter into an industry standard operator's agreement as referred to in section 10.1 of the Cascadia Option Agreement and including any argument that Cascadia may make on the measure of damages based on events that post-date February 16, 2005, nor shall anything herein prejudice in any manner whatsoever Novawest's ability to defend any such claims by Cascadia
10) The issue of costs was adjourned.

Northern Ontario Properties - Norton Lake, Midway and Havoc

In February 2005, exploration commenced in Norton with seven holes aimed at identifying the extent of the existing massive sulphide deposit. By the end of April 2005, assay results from these holes confirmed that the zone extended to the 400 m elevation, where it is open to depth and along strike. Nickel grades encountered were as high as 2.02%, and new down-hole data suggests that the zone extends west into an untested area beneath the original deposit. Assays from hole number NL05-14 also had the highest PGE value seen to date of 10.7 grams Platinum and Palladium over one meter. The Company has retained CCIC Ltd. in Sudbury, Ontario to conduct a Form 43-101 compliant Resource Report for the Norton Lake Project. These reports are expected to be completed by the end of November 2005. Cascadia has earned a 51% working interest (subject to a 2% NSR) in the property by spending $1.5 M on the project. Cascadia is the operator of the project with EastWest Resources Corporation and Canadian Golden Dragon owning the remainder of the working interest.

The company acquired two new areas near Thunder Bay, Ontario - Midway and Havoc. An airborne EM survey was flown over these properties covering the Sibley Sediments and the Sturgeon Greenstone

belt. These areas will be the focus of a future uranium / VMS exploration program.

Financial Information

	Three Months Ended July 31,			Twelve Months Ended July 31,		
	2005 - $ -	2004 - $ -	% Change	2005 - $ -	2004 - $ -	% Change
Interest income	732	3,877	0%	4,646	16,187	(71%)
Expenses:						
Bank charges	1,308	269	386%	4,848	821	490%
Depreciation	4,191	3,685		16,190	8,841	83%
General corporate	17,715	54,580	(68%)	82,422	86,288	(4%)
Interest expense	2,668	-	0%	2,668	-	0%
Investors & shareholders	30,719	36,902	(17%)	139,909	168,558	(17%)
Professional fees	70,318	160,125	(56%)	378,681	331,500	14%
Transfer agent & regulatory fees	1,478	1,227	20%	13,837	19,624	(29%)
Travel and promotion	926	(11,700)	(108%)	4,446	16,611	(73%)
Total expenses	129,323	245,088	(47%)	643,001	632,243	2%
Loss from operations	(128,591)	(241,211)	(47%)	(638,355)	(616,056)	4%
Loss from operations per share	(0.003)	(0.038)	(91%)	(0.017)	(0.097)	(83%)
Cash flow	(124,400)	(237,526)	(48%)	(622,165)	(607,215)	2%
Write-down of mining property	54,993		0%	54,993	-	0%
Non-cash stock-based compensation	-	488,012	(100%)	70,954	646,012	(89%)
Future income tax recovery	(49,480)	(65,494)	(24%)	(49,480)	(65,494)	(24%)
Net loss	(134,104)	(663,729)	(80%)	(714,822)	(1,196,574)	(40%)
Net loss per share	(0.004)	(0.105)	(97%)	(0.019)	(0.189)	(90%)
Basic - weighted average	37,425,659	29,095,468	29%	37,425,659	29,905,468	29%
Fully diluted	57,692,243	36,864,925	56%	57,692,243	36,864,925	56%

Exploration expenditures during the fiscal year ended July 31, 2005 declined by 63% to $1.7 million compared to the $4.7 million spent in 2004 due primarily to the Company's election to defer participation in the 2005 Raglan program. The loss incurred for the year was $714,822, a 40% change from the $1,196,574 loss in 2004. Last year stock options were granted giving rise to a Black-Scholes non-cash expense of $646,012, which accounted for the main difference between the losses of each year. As at

July 31, 2005 the working capital deficit was $230,158 compared to the surplus of $95,429 the year before. On April 14, 2005, the Company accepted the terms and conditions for a line of credit offered by the National Bank of Canada for $500,000. To continue exploration at Norton, a flow-through share financing was completed July 22, 2005 for net proceeds of $791,500 consisting of 3.2 million privately placed units at $0.25. Even as nickel prices climb past $7.25 US /lb, market interest in base metals continues to lag. Cascadia share price closed at $0.22 per share on July 31, 2005 down 53% from $0.47 per share on July 31, 2004.

Selected Annual Information

	31-Jul-05	31-Jul-04	31-Jul-03
Interest income	**4,646**	16,187	6,262
Total expenses	**643,001**	632,243	215,869
Loss from operations	**(638,355)**	(616,056)	(209,607)
Loss from operations per share	**(0.017)**	(0.097)	(0.033)
Net loss	**(714,822)**	(1,196,574)	(209,607)
Net loss per share	**(0.019)**	(0.189)	(0.033)
Total assets	**9,328,242**	7,703,379	3,242,430
Total liabilities	**3,024,233**	2,117,792	905,343

Annual Capital Expenditures on Mineral Properties

Annual capital expenditures by property for the past three years are summarized in the table below.

For The Year Ended	31-Jul-05	31-Jul-04	31-Jul-03
Raglan	**426,773**	4,062,302	2,395,875
Raglan Thundermin properties	-	-	88,651
Raglan – True North properties	**76,396**	-	-
McGarry	-	4,857	50,136
Norton Lake	**1,328,306**	173,864	-
Linsey Bay	**(265,709)**	461,513	-
Midway	**74,704**	-	-
Havoc	**99,895**	-	
Total Resource Assets	**1,740,365**	4,702,536	2,534,662

Results of Operations - fourth quarter

Investment income for the three months ended July 31, 2005 was $732 compared to $3,877 recorded for the same quarter in 2004. General and administrative expenses were $125,132 for the quarter this year compared to $241,403 for the quarter last year. The primary reason for the lower cost was directly attributable to the election to not participate in the Raglan properties during this past year, which resulted in significantly lower consulting fees compared to the fourth quarter of 2004. The fourth quarter loss of

$134,104 in 2005 has decreased by 80% when compared to the loss of $663,729 for the same quarter in 2004. Since changes in revenues are insignificant, the main factor for the lower loss in this quarter is the reduction of expenses. Higher consulting expenses and the granting of stock options in the fourth quarter 2004 were the main reasons for the difference between the corresponding quarters.

Summary of Quarterly Results

The following table sets out, for each of the previous eight quarters, information relating to the Company's revenue, net (loss) and (loss) per Common Share:

	1st Quarter Oct 2003	2nd Quarter Jan 2004	3rd Quarter Apr 2004	4th Quarter Jul 2004
Revenues	$2,109	-	$10,201	$3,877
Net loss	(105,004)	(151,482)	(276,359)	(663,729)
Net loss per share	(0.004)	(0.006)	(0.01)	(0.02)

	1st Quarter Oct 2004	2nd Quarter Jan 2005	3rd Quarter Apr 2005	4th Quarter Jul 2005
Revenues	$1,179	$907	$1,828	$732
Net loss	(83,779)	(315,934)	(181,005)	(134,104)
Net loss per share	(0.002)	(0.009)	(0.005)	(0.004)

Related party transactions

During the year, the Company had transactions with Yangarra Resources Inc. ("Yangarra") of $117,725 (2004 - $144,628) for rent, office services and for its share of leasehold improvements and office equipment. At year-end, included in accounts payable and accruals are $19,964 (2004 - $86,517) relating to transactions with Yangarra. Yangarra is a public oil and gas company based in Calgary, Alberta. James G. Evaskevich, the President and a director of the Company is also the President, Chief Executive Officer and a director of Yangarra Resources Inc.

During the year, the Company had transactions related to administration and consulting of $107,768 (2004 - $61,070) with companies controlled by certain of the Company's officers and directors. Of this amount, $29,141 (2004 - $4,135) is in accounts payable and accruals at year-end.

An aggregate of $29,141 (2004 - $2,268) currently in accounts payable will be paid to Burstall Winger LLP for legal fees and disbursements. A director of the Company is a partner of Burstall Winger LLP. Legal fees to Burstall Winger were $44,809 (2004 - $52,247).

The transactions were in the normal course of operations and were measured at the exchange amount,

which is the amount of consideration established and agreed to by the related parties.

Liquidity and Capital Resources Operations

At July 31, 2005 the Company had a working capital deficit of $230,158 compared to a working capital surplus of $95,429 at July 31, 2004. While in the "grassroots" exploration phase, the Company does not generate cash flow from a mining operation. To fund on-going operations the following financings were completed:

1) On December 31, 2004 the Company completed a non-brokered private placement of 3,262,500 units at $0.40 per unit for gross proceeds of $1,305,000. Each unit consists of one common share issued on a "flow-through" basis under the Income Tax Act (Canada) and one-half of one common share purchase warrant, with each whole warrant exercisable for a period of 12 months at $0.60 per share. The flow through shares and warrants were subject to a four month hold period, which expired on May 1, 2005.
2) On August 12, 2005 the Company completed the second closing of a private placement of units with the sale of 520,000 units at $0.25 per unit for gross proceeds of $130,000. After completion of the two closings, an aggregate of 3,166,000 Units were issued at $0.25 per unit for aggregate gross proceeds of $791,500. Each unit consisted of one common share of the Corporation issued on a "flow-through" basis and one nontransferable common share purchase warrant. Each Warrant is exercisable into a flow through share on or before December 15, 2006 at $0.40 per flow through share. The flows through shares are subject to a four month hold period from the respective closing dates.

On July 26, 2005 the Company renewed the terms and conditions for Credit Facilities as offered by the National Bank of Canada. The revolving term loan has a maximum available credit of $500,000, bearing interest at prime plus two percent per annum, requiring repayment of interest only. The terms include repayment in full upon the earlier of an equity issue, sub debt placement, refinancing, or December 31, 2005.

Share Capital

As of July 31, 2005 there were 41,932,121 basic common shares issued and outstanding; 11,390,584 warrants exercisable into common shares; and agent and stock options to acquire an aggregate of 4,369,538 common shares outstanding.

Outlook

The Norton Lake area remains the principal focus of Cascadia's exploration program. A Resource Calculation has been commissioned with CCIC of Sudbury, Ontario performing the 43-101 compliant report expected November 30, 2005. Upon completion of the Resource Calculation, Cascadia will determine the follow up exploration program required to position the property for commercial production. The Gabbro host rock has been followed for 10 kilometers along strike and will be further explored

to determine whether there are more lenses to be discovered.

Prospecting and Geological mapping are scheduled for Midway and Havoc for late 2005. These prospective properties have Uranium potential as well as Base metal/PGM possibilities. Once the prospecting is complete the information will be integrated with the airborne data to determine a drill program for 2006.

A dispute with our Raglan partner, Novawest Resources Inc., is currently being arbitrated. The proposed schedule indicates that the issues should be resolved prior to the 2006 exploration season in Raglan. The relative merits of both Cascadia and Novawest's arguments remain to be determined by the arbitrator; however, the financial downside risk to Cascadia is relatively minor when compared to Novawest's much greater downside financial risk. Cascadia has commissioned Geovector of Ottawa, Ontario to prepare a 2006 exploration program. That process is complete, with further progress awaiting the arbitration outcome.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks and uncertainties, including but not limited to, environmental, metal prices, political and economical. The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The source of future funds for further exploration programs, are by the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. The Company is subject to the laws and regulations relating to environmental matters and various licenses and permits in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The property interests the Company has an option to earn an interest are in the exploration stages at this time.

Forward-Looking Statements

This Management's Discussion and Analysis of financial condition and operating results contains forward-looking statements concerning the future prospects of the Company's exploration, development and production. Forward-looking statements include statements of plans, objectives, strategies and expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.
The Company considers the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. There are a number of factors which could cause results or events to differ from

current expectations including, among other matters: commodity prices for oil and gas; changes in the cost of exploration and other operating expenses to support future growth; competitive factors; general economic conditions; and the success in finding, drilling and completing oil and gas wells. For additional information with respect to risks and uncertainties which could affect the company's business and operations, reference should be made to the 2005 Annual MD&A and to the Company's continuous disclosure materials filed with Canadian securities regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE SUMMARY

DIRECTORS & OFFICERS

James G. Evaskevich- President, CEO & Chairman of the Board
John Aihoshi - VP Finance & CFO
Trish Olynyk – VP Business Development
Robert Middleton – VP Exploration, Director
Gordon Bowerman – Director
Douglas Stuve – Director
Glenn Mullan – Director

ADVISORS

Dr. Tony (A.J.) Naldrett
Lionel Kilburn

ASSOCIATIONS

Banker – National Bank of Canada, Calgary, AB
Solicitor – Burstall Winger LLP, Calgary, AB
Auditors – Meyers Norris Penny LLP, Calgary, AB
Transfer Agent – CIBC Mellon Trust

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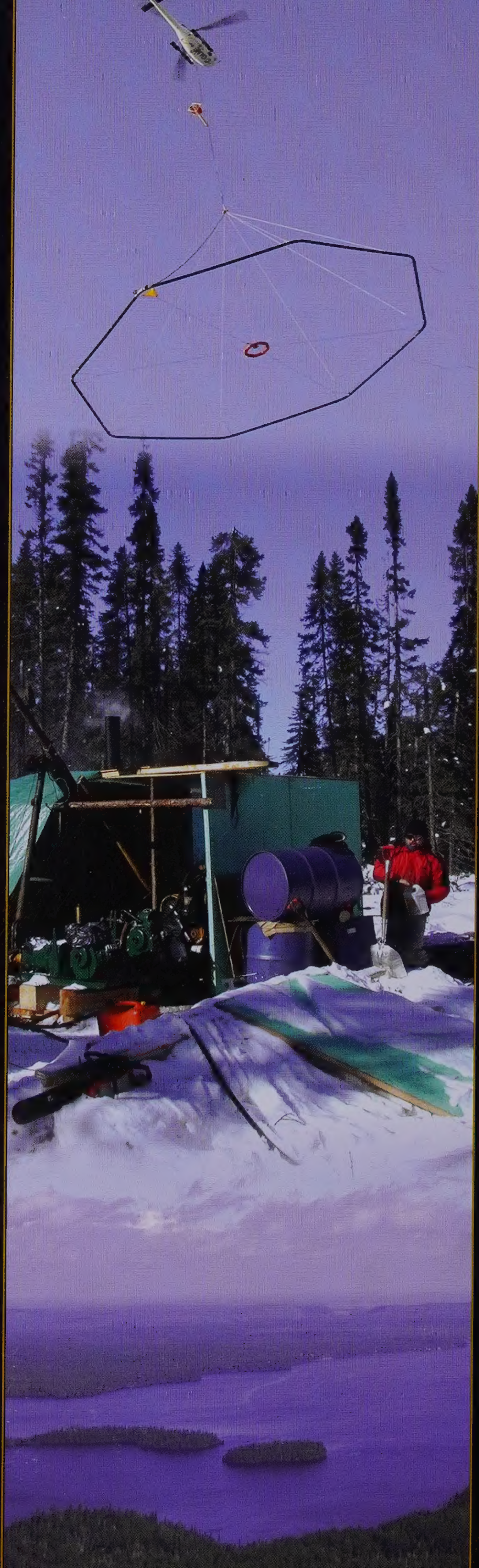
STOCK EXCHANGE LISTING

Toronto Venture Exchange
Trading Symbol "CJ"



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